

The Department of State

MAR 17 1955

bulletin

Vol. XXXII, No. 819

March 7, 1955



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PACT**

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VOL. XXXII, No. 819 • PUBLICATION 5787

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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

Publications of the Department, as well as legislative material in the field of international relations, are listed currently.

For sale by the Superintendent of Documents
U.S. Government Printing Office
Washington 25, D.C.

PRICE:
52 issues, domestic \$7.50, foreign \$10.25
Single copy, 20 cents

The printing of this publication has been approved by the Director of the Bureau of the Budget (January 19, 1955).

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Results of Meeting of Council of Southeast Asia Pact

Following are the texts of a communique and a statement issued at Bangkok, Thailand, on February 25 at the close of the meeting of the Council of the Southeast Asia Collective Defense Treaty, together with statements made by Secretary Dulles at the opening and closing sessions of the meeting.

TEXT OF COMMUNIQUE

Press release 104 dated February 25

The Foreign Ministers of Australia, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom, and the United States and the Representative of France have completed the First Meeting of the Council established by the Southeast Asia Collective Defense Treaty. The Treaty entered into force on February 19, 1955, following the deposit of the instruments of ratification with the Government of the Republic of the Philippines. The Council has held six sessions in Bangkok from February 23 to February 25 under the Chairmanship of H. R. H. Prince Wan Waithayakon, Foreign Minister of the Government of Thailand.

The Council met in circumstances which give increasing urgency to the objectives of the Treaty. The Members of the Council declared the dedication of their Governments to the purposes and principles set forth in the Charter of the United Nations, and in particular, they asserted their hatred of war and their determination to take all possible measures to preserve and strengthen peace. They reiterated that such military arrangements as they may make will be purely defensive, in accordance with their international obligations, and will never be used for purposes of aggression.

The Council reaffirmed the aim of their Governments, as set forth in the Pacific Charter: to uphold the principle of equal rights and self-determination of peoples; to promote self-government

and to secure the independence of all countries whose peoples desire it and are able to undertake its responsibilities; to continue to cooperate in the economic, social, and welfare fields in order to promote higher living standards, economic progress, and social well-being in this region; and to prevent or counter by appropriate means any attempt in the Treaty area to subvert their freedom or to destroy their sovereignty or territorial integrity.

Upholding the principle of non-interference in the internal affairs of other states, the Council stressed the paramount need for the maintenance in peace of the integrity and authority of freely constituted governments in the area and of the right of peoples to determine their own destiny without external interference. They, therefore, condemned not only warlike action but also those subtle forms of aggression by which freedom and self-government are undermined and men's minds subverted.

This Meeting has provided the Members of the Council with an opportunity for bringing about closer ties among their own governments in achieving their common objectives and purposes under the Treaty. They believe that the Manila Treaty is already exerting a positive influence for the maintenance of peace in Southeast Asia and the Southwest Pacific, and that the solidarity of the member nations, shown at the present meeting, will serve as an increasingly powerful deterrent against aggression. The Council recognized the continuing dangers to peace and security in the Treaty area and agreed that these threats make it imperative that the member governments take steps to strengthen the common defense.

It was recognized that subversion and infiltration constitute a serious threat to the peace and security of the area and that this demands special efforts in all aspects of the national life. The Council discussed specific attempts by elements directed from outside to subvert free institutions and governments in the Treaty area. The Council

viewed these subversive activities with grave concern and was determined to help the peoples of the area to resist them. There was agreement on the need for cooperation among the member governments to assist one another in combatting the subversive activities of international Communism. The Council decided to arrange for continuing consultation and mutual assistance and to make it possible for each member government to draw upon the experience of the others in dealing with this danger. In this connection the Council received a valuable report on the Philippine experience in combatting internal dissidence, and noted the statement of the United Kingdom Delegation on the improved situation in Malaya.

The Council agreed upon the importance of implementing Article III of the Treaty which provides:

The Parties undertake to strengthen their free institutions and to cooperate with one another in the further development of economic measures, including technical assistance, designed both to promote economic progress and social well-being and to further the individual and collective efforts of governments toward these ends.

Arrangements were made for economic experts designated by member governments to meet periodically wherever appropriate and convenient on matters within the scope of this Article.

The members of the Council recognized that while certain economic matters such as trade, the international payments, development, investment, and sound economic progress involved a wider geographic area and desirably included cooperation with many friendly states as well as with the member states, nevertheless special economic questions arise out of the Treaty commitments of the member governments and may involve individual and cooperative steps which member states could take to resolve these questions. The economic experts designated will advise Council representatives on these measures. The first meeting of the economic experts will take place at an early date.

The Council noted with interest the statement by the United States Delegation about the peaceful uses of atomic energy. The Council is deeply conscious of the potential contributions of atomic energy to the health and standards of living of the peoples of the member nations and welcomed the proposed discussions relating to further cooperation and assistance in the atomic energy programs directed toward achieving these benefits.

Realizing the importance to the security of Southeast Asia and the Southwest Pacific of the States of Cambodia, Laos, and of the free territory under the jurisdiction of the State of Viet Nam, the Council reaffirmed the determination of the member governments to support these three States in maintaining their freedom and independence as set forth in the Protocol to the Treaty. The Council was informed of assistance which had been extended to the three States and expressed the hope that member governments would offer further assistance.

Having thus exchanged views, the members of the Council made the following arrangements to help carry out the provisions of the Treaty:

Operation of the Council

The governments will be represented on the Council by their Foreign Ministers or their designated representatives. The Council will meet at least once each year and more often when deemed necessary. It will usually meet in the Treaty area. Decisions of the Council will be taken by unanimous agreement.

Designation of Council Representatives

In order to assure close and continuing cooperation when the Council is not in session, the Council has agreed to designate Council representatives who will have their seat in Bangkok. The Council representatives will maintain continuing consultation on matters relating to the Treaty and will perform such special tasks as the Council may, from time to time, direct. They may make agreed recommendations to the Council or, when the Council is not in session, to the member governments with respect to implementation of the Treaty. Through the Council representatives the member governments may raise matters relating to the Treaty and agree on the steps to be taken in carrying out its provisions.

The Council representatives may request the member governments to designate specially qualified personnel to assist them in specific tasks. Working groups composed of such personnel may meet wherever appropriate and convenient.

The Council representatives will ensure appropriate exchange of information and close coordination of planning among such groups as may from time to time be working on projects under the Treaty. They will also make arrangements for a Secretariat to assist them, the personnel of

the Secretariat being made available by the representatives on a contributed basis.

The Council directed that the Council representatives begin operations as soon as possible and that one of their first tasks should be to arrange meetings of specially qualified personnel designated by member governments to assist the Council representatives in considering means of strengthening cooperation in combatting subversion and infiltration.

The Council also requested the Council representatives to explore the opportunities for increasing cultural and technical cooperation among the member governments and to submit recommendations to the next meeting of the Council.

Military Advisers to the Council

Each of the governments agreed to designate a Military Adviser to its member of the Council.

The Military Advisers will make recommendations to the Council on military cooperation under the Treaty.

They will meet periodically as required, will formulate their own rules of procedure and any necessary organizational arrangements.

The Military Advisers at this Council meeting met on February 24 and 25. They exchanged views concerning the military aspects of the Defense Treaty and as a result of these discussions their staff planners will meet in Manila in April 1955 to initiate plans for the implementation of certain military aspects of the Treaty. Shortly thereafter the Military Advisers will again convene in Bangkok.

Peace and Security of the Area

Although they represent diverse nations and peoples, the members of the Council were unanimous in the belief that this meeting has enabled them to understand and appreciate the problems facing the governments of the countries covered by the Treaty in the common effort to ensure peace and security under the Treaty. The progress achieved at this first Council meeting provides solid hope for closer cooperation among the member governments for the good of the region as a whole. The members of the Council are united in their conviction that the common efforts of their governments are contributing positively to the peace and security of the area, both for the member governments and for other free nations in the region. The Council expressed the hope that these

free nations will associate themselves in the near future with the work to be undertaken under the Treaty.

STATEMENT ON ASIAN-AFRICAN MEETING

Press release 105 dated February 26

The Council noted that Pakistan, the Philippines, and Thailand might shortly be meeting with other Asian countries on matters of common concern. The Council accordingly asked these Asian members of the Council to transmit cordial greetings to the other free countries and to express the hope that out of their conference at Bandung would come increased assurance that the free nations would remain free and that all peoples would come increasingly to enjoy, in peace, the blessings of liberty. The Council also invited a broad sharing of their dedication, expressed in the Pacific Charter, to uphold the principle of equal rights and self-determination of peoples and to promote self-government and to secure the independence of all countries whose peoples desire it and are able to undertake its responsibilities.

OPENING STATEMENT MADE BY SECRETARY DULLES ON FEBRUARY 23

Press release 99 dated February 22

I am proud to be representing the United States of America at this historic Conference. Here, in what is for us a new setting, we seek to carry forward what is for us a time-honored policy.

United States foreign policy, in its basic aspects, has always rested on two propositions.

The first is that we want our own people to enjoy, in peace, the blessings of liberty.

The second is that we cannot assure liberty for ourselves unless others also have it. Freedom cannot thrive in an environment that is hostile to freedom.

Our people espoused these principles even before our nation was born. Our Declaration of Independence proclaimed the inalienable right of all men to life, liberty, and the pursuit of happiness. That Declaration, as President Lincoln later pointed out, meant liberty, not alone for the people of this country, but hope for the world for all future time.

That theme has dominated our international relations.

The first major expression of our foreign policy was the Monroe Doctrine. By it we said that we would regard it as dangerous to our own peace and security if the European despots, then organized into aggressive alliance by Czar Alexander, should extend their system into the American Hemisphere to crush the new-born independence of our sister republics. Now, our Monroe Doctrine has grown into the Rio Pact and the Organization of American States.

Our second major expression of foreign policy was in relation to Asia. As our own nation populated its Pacific shores, our interest grew, and our policies developed, in relation to China and the Pacific isles. In the Philippines, we made independence our mission, a mission now happily fulfilled. With regard to China, we secured international agreement to respect its territorial integrity and political independence, and we took the lead in ending the system by which foreign nations exercised extraterritorial rights in China. That policy finds expression today in our series of mutual security treaties with the free nations of the Western Pacific area.

The third major expression of our foreign policy related to Europe. The First and Second World Wars and the Soviet Communist menace successively endangered the liberty of the Atlantic Community. We fought in those wars, and after victory we gave economic aid. Thus we decisively helped the peoples of Western Europe to preserve their freedom. Our policy today finds expression in the North Atlantic Treaty and its various organs.

Today the United States comes to Southeast Asia. That is, geographically, something new to us. But we come under the compulsion of our historic principles and to fulfill them.

As science has dwarfed distance, so we increasingly feel bound to others by a sense of common destiny. That is why this Manila Pact, which brings us here, was approved by a Senate vote of unprecedented proportions. It was recognized that this treaty is directed against no government, against no nation, and against no peoples. Rather it is a treaty to safeguard the independence, the integrity, and the well-being of friendly and free peoples.

It is appropriate that we should be meeting here in Thailand, a country whose very name means "Land of the Free." May our action here be such that this happy land wherein we meet and

all of the lands with which our treaty deals shall be forever "Lands of the Free."

Let us also remember that what we do here to vitalize our treaty words will have an influence far beyond the treaty area. Our conduct and example can help to realize the aspiration, expressed in the charter of the United Nations and in our Pacific Charter, that human opportunity shall not be constricted by geography, or by race or class or creed, but that in due course the shackles of captivity, injustice, and of arbitrary privilege shall be struck off, and that all men shall be free.

CLOSING STATEMENT MADE BY SECRETARY DULLES ON FEBRUARY 25

We can, I think, take satisfaction from the results of this first meeting of the Council under the Manila Pact. We have taken decisions which will make the Council an effective working body within the three areas dealt with by the pact, namely defense against open armed aggression, defense against subversion from without, and the promotion of economic and social well-being.

There will be permanent representatives of the Council having their seat at Bangkok with a continuing secretariat, and there will be working groups of experts dealing with the three subjects I have enumerated.

These experts will start out with useful guidance which the Council has formulated.

We owe great thanks to the working group that prepared for this meeting. Without their labors it would not have been possible to make so many significant decisions during the 3 days of our session.

Another important factor has been the able manner in which Prince Wan has presided over our deliberations.

In addition to taking concrete decisions we have exchanged opinions about the overall position.

There has been recognition of the gravity of the danger that confronts us and of the urgency of dealing with it. I am confident that that sense of urgency will be carried into the work of our permanent representatives and of our political, military, and economic experts.

Also I think we more clearly realize than before that, while this Southeast Asia treaty area has specific problems of its own which call for dis-

tinctive treatment under our treaty, there is also a close connection between the dangers here and elsewhere and a need for capabilities which must be mobile if they are effectively to deter aggression.

I am confident of one thing—the way of the aggressor has been made harder. The independence of the treaty countries and the liberty of the peoples of the treaty area are more assured now than they were before we came.

To turn that probability into certainty will be a continuing task. It is, however, one that I am confident will be achieved provided we retain the spirit which has been manifested by our gathering here.

I am happy on behalf of my Government to join with the other governments which have come here in expressing our profound gratitude to the Government of Thailand for its arrangement of the Conference and for its generous hospitality to us.

Collective Security and the Search for Peace

by William J. Sebald

*Deputy Assistant Secretary for Far Eastern Affairs*¹

It is a pleasure indeed to be with you this evening and to have the opportunity to discuss with you a few of the problems of your foreign policy. I have chosen as a subject some of the special problems of Southeast Asia because that is the area where I have most recently served.² But to see it in proper context we must first look at the overall picture.

I have deliberately said "your" foreign policy because there is, I think, still far too great a tendency to think of the Department of State and the affairs handled there as something remote and apart from American life. Never in history has this been less true. An accurate interpretation of a border incident in Viet-Nam, a correct estimate of Communist intention in northern Korea—such matters may affect the lives of all of us.

Secretary of State Dulles has often stated his own deeply felt conviction that an informed public in the field of foreign affairs is vital to our national health. He himself meets with the press regularly in open conference—once a week when he is in Washington and whenever possible when he is on one of his missions to far parts of the

world. To my knowledge he has never given the answer "no comment" to any question the press has asked him.

Sometimes the public cannot be fully informed in advance. Sometimes, if they were, such information could be damaging, no matter how well intended. I remember an incident from my Navy days in World War II. One of the lookouts spotted a mine off the starboard bow. It happened that the ship was near an area where our own minelayers were at work. Sure enough, the lookout reported in his excitement, "It's all right—it's a *friendly* mine."

Well, friendly or not, if we had made contact the results would have been the same. Sometimes this is true in our dealings with the press; if a mine, however friendly, goes off, the explosion is a real beauty.

The biggest news story to come out of Russia since the death of Stalin has been, of course, the change in the top Soviet command these past few days. There has been a lot of speculation about the reasons behind this, a lot of rear-window wisdom now that it has happened. I think the important thing to remember—and this is the basic thought that I would like to leave with you tonight—is that, violent as this upheaval may be on the surface, the dark and ruthless purposes of the Communist world remain the same.

¹ Address made at the University of Wyoming, Laramie, Wyo., on Feb. 12.

² Mr. Sebald was Ambassador to Burma from April 1952 through October 1954.

That some flaw in their system did precipitate this crisis cannot be doubted—whether it be failure of an agricultural program, a clash of personalities, or the problems of emphasis upon heavy industry. But I believe that the problem is some error of tactics only and that the fundamental strategy of Communist world domination is unaltered.

Now, how is your foreign policy combating this continuing threat to your existence and to mine?

Fundamental U. S. Goal

First of all, let me define the fundamental goal of the foreign policy of the United States. That goal is peace, the kind of *true* peace that will enable us all to enjoy the blessings of liberty. Peace is the goal, and security is the means. For in a world where communism fills every vacuum and flows into every unguarded outpost, a platform of strength is the only way to achieve a working peace.

Now, the principle at work in the search for security has been one of partnership with the free nations of the world. In order to confront the slave world of communism, there has been brought into existence a series of treaties and alliances based not so much on overdynamic leadership by any one nation but on the common need, and in a spirit of fellowship and trust. Some of these I would like to review with you now.

Perhaps the most notable single example of this closing of the ranks on the part of the free nations came in Europe last September. The collapse of the plan for a European Defense Community, which, you will recall, failed to pass the French Assembly, created the kind of vacuum that the Communists move fast to fill. Yet in 37 days a new plan was developed for a Western European Union which in many ways is more workable than the old complicated Epc concept, and the way was paved for Germany's return in strength to the West.

The United States role in these history-making conferences at London and Paris was one of helpful partnership. We pointed out that the problem was a European one. If the Europeans came up with a solution that promised well, we would go along. With Great Britain, Germany, and France all making statesmanlike concessions to the common need, such a solution was forthcoming, and the free world breathed again.

Other good examples of this "partnership for peace" have been the roles we played in the final solution of the Iranian oil controversy and of the Trieste dispute. Back in August of 1953 the situation in Iran looked bad indeed, with the Shah in flight and a Communist coup imminent. Today, Great Britain and Iran have solved their difference, with an assist from the United States, and the vital oil is flowing west and south toward the free world and not north to the slave world.

Ever since World War II the problem of Trieste has lain like a time bomb across the defense lines of Southern Europe. Now, after many months of negotiating, in which we played the helpful ally to both Italy and Yugoslavia, a compromise has been reached which removed this trouble spot from the danger list.

The last 12 months have also seen much progress in converting the good neighbors of North and South America into good working partners. The Caracas Declaration last March brought 20 American states together in a ringing statement warning the Communist world that an internal threat to any one of these states would be considered a threat to them all. Shortly afterward such a threat did develop in Guatemala. The Guatemalans themselves erased the threat, but the American states moved with vigor to assist them, and what had begun as words became action.

Collective Security in Pacific Area

In pursuit of its policy objectives in the Far East, the American Government has worked to develop a pattern of collective security for the Pacific area. This course has been followed because of a belief that two highly desirable purposes are thereby served. Agreements which provide for a pooling of the strength of the free nations in case of attack obviously increase the capacity of individual nations to withstand attack and shore up their determination to resist. But further, the existence of such agreements, we believe, will cool an aggressor's enthusiasm for military adventure because they guarantee in advance that his attack will provoke a powerful and an effective response.

The practical course for the United States was the negotiation of a series of bilateral treaties that might subsequently be linked to a broader multilateral pattern. In 1951, treaties of this kind were negotiated with the Republic of the Philip-

piners, with Australia and New Zealand, and with Japan. Two years later we concluded an agreement with the Republic of Korea. In 1954 we joined with seven other countries in signing the Manila Pact, which is the beginning of real collective security in the Pacific region.

Treaty With Free China

I will return to the Manila Pact in a few moments, but first I would like to take up the latest bilateral agreement which the Senate approved on February 9. I refer to the Mutual Defense Treaty with the Government of the Republic of China.³

As you know, the Government of Free China is established on the Island of Formosa, which is an important component of the island chain of Pacific defenses. The Nationalist Government is, further, a loyal ally and profoundly anti-Communist. Therefore, not only was a defense treaty desirable in itself, but failure to include Free China in our Pacific security arrangements could have been construed in a manner damaging to the prestige and morale of the Republic of China. The security pact with the Republic of China now corrects any ground for misconception that the United States was not, perhaps, prepared to carry out its moral and largely unilateral obligations.

The terms of the treaty do not differ significantly from the others to which this Nation is a party. Both countries pledge to work together to develop their defenses against armed attack and subversion. Both are also committed to cooperation in strengthening their free institutions and in promoting their common economic progress and social well-being. Both formally recognize the danger of an attack in the West Pacific against the territories of either and agree to work together to repel any aggression against the territories specified in the treaty. An exchange of notes⁴ made after the treaty was signed further defined the understanding of the Republic of China and of the United States with regard to the inherent right of self-defense and limitation upon offensive action. These notes provide, in effect, that there will be no offensive military actions except after prior consultation and joint agreement.

As is apparent, this pact with Nationalist China, like our other security moves in the Pacific,

developed out of the belligerent conduct of Communist China. For some months now, Communist propaganda out of Peiping has persistently and loudly declared that Formosa is Communist Chinese territory soon to be liberated by force of arms. This propaganda campaign has been punctuated by aggressive military gestures with the so-called offshore islands as targets. The first of these occurred last September when the Communists opened up on Quemoy Island with artillery. Since that time, their military activities have steadily increased.

Our Government was by no means alone in the belief that Communist probing tactics might overreach and touch off a Far Eastern war. To forestall such a tragic blunder, President Eisenhower sought from the Congress and received authority to employ American forces to aid in the defense of Formosa and the Pescadores.⁵ At the same time, the free nations attempted, through the United Nations, to obtain a cease-fire in the Formosa Straits.

The President's request has made it clear that we intend to stand firm by our pledge to help defend Formosa and the Pescadores Islands. Thus the element of a Communist miscalculation is eliminated, as is the need for further exploratory maneuvers by Red China.

It is probable that Communist China's bellicose gestures are designed to test our determination—to discover whether we will retreat in the face of threats. For our part, while we earnestly desire peace, we know that there is no peace to be gained by retreat and appeasement. Rather does the chance for peace seem best if we remain firm in our purpose.

Although the drama of Formosa Strait has within recent weeks preempted public attention, we would be wise not to forget that it is but one of a number of inseparable elements in the Far Eastern complex. For the United States to ignore their inseparability might well be fatal to our Asian policy—and I can assure you that it is basic in the strategy of the Moscow-Peiping axis to confuse and distract, with the objective of disturbing if not destroying the balance of our attention.

I suggest, therefore, that we give our own attention very carefully to the conference opening February 23 in Bangkok, which will be attended by Secretary Dulles and the foreign ministers

³ BULLETIN of Dec. 13, 1954, p. 899.

⁴ *Ibid.*, Jan. 24, 1955, p. 152.

⁵ *Ibid.*, Feb. 7, 1955, p. 211.

of Australia, France, Pakistan, the Philippines, New Zealand, Thailand, and the United Kingdom. I think we can profitably examine the chain of circumstances that led to the conference and see how its links all bear the imprint of the Red hammer that has been striking everywhere in Asia.

Struggle in Viet-Nam

Let us go back 8 years and look at Indochina, that is, the territories of Viet-Nam, Laos, and Cambodia. In late 1946 an internal struggle began in Viet-Nam, with the forces of the French Union opposed by Communist revolutionaries led by the self-styled "liberator" Ho Chi Minh, a gifted professional trained in Moscow whose 1954 successes were largely made possible by supplies from Mao Tse-tung, lord of Red China. Ho's tactics followed the classic Communist text, as preached by Stalin, of "alliance with the liberation movement of the colonies and dependent peoples."

This program of duplicity has three steps: First, arousing popular emotion and convincing a people that its aspirations can be fulfilled only by violent action; second, liquidating the existing lawful regime and supplanting it with a revolutionary government; third, seizing the new government before it is completed and—in place of granting independence—"amalgamating" the people and their land into the Communist dictatorship.

If there had ever been even a small doubt that the so-called civil war in Viet-Nam was fomented from outside, it would have been dispelled by 1950. In that year Ho Chi Minh publicly acknowledged the direct assistance his troops were getting from Red China and the Soviet Union and announced the establishment of diplomatic relations with those two countries and the satellite nations. It was in June of that same year, you will remember, that the Communist North Koreans swept across the 38th Parallel and brought on the conflict in which 16 members of the United Nations rose to defend the Republic of Korea.

One consequence of the Korean War was a lifting of some of the pressure against the French Union forces fighting in Viet-Nam. In April 1953, however, foreseeing the armistice in Korea and realizing that its signing would make available more materiel and manpower for the Reds in

Indochina, President Eisenhower called for "united action" to check aggression in Southeast Asia.

A little more than a year later the fall of Dien-Bien-Phu was a melancholy reminder of the President's appraisal. The Communist success at Geneva last July further confirmed this judgment of Red designs on Southeast Asia.

But although the United States was unable to prevent the debacle in Viet-Nam—short of intervening in force and assuming the great risk of starting another world war—we were far from inactive in seeking effective means to deter the Communist coalition from further encroachment in Southeast Asia. Quite apart from our natural sympathy with the 170 million still free people in that part of the world, we recognized that our national security required that they and the lands they inhabit should remain free.

Manila Pact and Pacific Charter

Here, as in Europe, in the Middle East, and in the Americas, the surest path to peace and security for the United States was clearly the one of collective security. And just as the conditions peculiar to each of these three areas have brought into being regional organizations consistent with the letter and spirit of the Charter of the United Nations and in forms suited to needs and capacities, so the eight-nation Manila Pact signed last September was shaped by the needs and capacities, as well as—and I emphasize—the Communist-exploited weaknesses and fears that prevail in the part of the world which it is intended to serve.

I will sketch briefly the history of the pact and its companion document, the Pacific Charter. Shortly after the close of the Geneva Conference, which confirmed the realities of the Communist success in Northern Viet-Nam, President Magsaysay of the Philippines invited a number of nations to send their foreign ministers to meet with him in Manila to "consider measures to further their common objectives in the area." Seven nations accepted—Australia, France, New Zealand, Pakistan, Thailand, the United Kingdom, the United States, and, of course, the Philippines. To avoid creating an issue that might have complicated the carrying out of the Geneva truce terms in Indochina, Free Viet-Nam, Laos, and Cambodia did not participate in the Manila Conference. They were,

however, included in the treaty area by a protocol signed at the Conference.

Among other provisions, the eight nations which signed the Manila Pact early last September agreed:

- (1) To strengthen their free institutions and cooperate with one another in promoting economic progress and social well-being;
- (2) Each to "act to meet the common danger in accordance with its constitutional processes" in the event of armed attack against any state within the treaty area; and
- (3) To "consult immediately in order to agree on the measures which should be taken for the common defense" in the event of threat to the security of any country within the treaty area from other than armed attack.

Meeting at Bangkok

In the view of our Government, this is a good beginning. We go to the meeting at Bangkok on February 23 to see what can be done to implement various provisions of the pact. Although no such organization as exists in NATO is planned, we still have to set up some machinery to carry out the terms of the treaty. There is also need to work out more detailed and precise understandings on how the terms of the treaty will apply to particular situations.

I would like also to mention briefly the companion document to the Manila Pact—the Pacific Charter. As a declaration of intentions and principles, the charter may have a greater long-range impact than the treaty itself. It has been described as a Bill of Rights for Asia because it expresses the determination of the signatory nations to support and promote freedom and independence throughout the Far East.

To us in America, long accustomed to managing our own affairs, the charter is no more than an affirmation of conditions which have prevailed here for more than a century and a half. But to many Asians, now emerging from colonial status, self-determination and liberty are magic words. Thus, through the charter, the sponsoring powers align themselves with Asian freedom and place themselves squarely on record as opponents of colonialism—the 19th century type as well as its modern counterpart represented by communism.

It is difficult to grasp the implications of such a declaration unless one has experienced the depth

and sweep of the nationalist movement in the Pacific area. This drive for independence is perhaps the one factor that is common to all the nations of Southeast Asia. But beyond this the nations of the region must be regarded as individual units that vary widely one from the other.

It has become custom, for example, to refer to Laos, Cambodia, and Viet-Nam as the Associated States, as though they were in fact three components of a natural federation. It is true that they have borders in common and that together they comprise the territory known as Indochina. But beyond this, there are fewer bonds between them than popularly supposed. Laos and Cambodia are ethnically different from Viet-Nam. Politically, socially, and economically there are wide variations, resulting in divergent views and at times conflicting national objectives.

In terms of American policy objectives in the region, this divisiveness is a matter of some concern. If communism is to be stopped at the line represented by the northerly boundaries of Burma, Thailand, Laos, and Viet-Nam, a joint effort by all the nations of the area will be required. I can report some progress toward greater understanding among the countries of Southeast Asia, and, perhaps of more consequence, a growing realization among the peoples of the peninsula and their leaders that freedom and security are collective rather than individual concerns.

At this point we would do well to remember that at the base of all the high policy and deep thinking are people and their lands, and the day-to-day problems that go with both. Unless we consider these basic realities with the greatest care, all our pacts, charters, and agreements will end in failure.

And so I shall change the focus from "Far East" and "Southeast Asia" and ask you to look with me at the country from which I recently returned after spending 2 years there as your Ambassador.

A Look at Burma

As Asian countries go, Burma is small. It is not very much larger than Wyoming and Colorado combined. Its population is small, too—about 19 million—and its population density, about 75 inhabitants to the square mile, is extremely low for an Asian country.

About two-thirds of this population, that is,

some 12 or 13 million, consists of Burmans, an ancient people, an intelligent, gifted, and attractive people. Also indigenous to Burma are a number of closely knit groups—Karens, Shans, Chins, Kachins, to mention the principal ones—which are really tribes, inhabiting special areas immemorably recognized as belonging to the several tribal and racial entities.

Burma's natural resources are considerable, but they are relatively undeveloped. The economy is predominantly agricultural, with rice by far the most important crop. Before the war, in which Burma suffered severely, the rice export crop was between 2 and 3 million tons annually. Today, the amount exported is around 1.3 million tons—and even that is a lot of rice. The people of Burma, like ourselves, know about crop surpluses, and their leaders keep a close eye on world markets, for more than 40 percent of Burma's budget requirements are met from the sale by the Government monopolies of rice.

Burma is trying to strengthen its economy by diversifying it, but a solution to the problem of dependence on rice is at best some years away.

If Burma is an ancient land, it is nevertheless a young nation, with short political experience. Seven years ago last month it became an independent republic, outside the British Commonwealth, styled the Union of Burma.

The announced foreign policy of Burma is one of careful neutrality on issues which divide the free world and the Sino-Soviet bloc. By remaining formally aloof in the struggle for Asia the Union of Burma hopes to retain its sovereignty and independence. There is nevertheless an abundant fund of good-will for America and Americans in Burma, and I hope that we can continue to view Burma's problems with sympathetic understanding. For the harsh realities of life in the shadow of the Red sickle must be recognized.

From the beginning of its existence as an independent nation Burma has been active in sup-

pressing various native Communist insurgent groups. Isolated acts of terrorism still occur, but the Burmese Government has made steady progress in eliminating the internal Communist problem and in strengthening countrywide authority. And yet Burma shares a 1,000-mile border with Red China and remains vulnerable to both Communist aggression and subversion.

That 1,000-mile border between Burma and Red China should never be forgotten when we think of Asia in connection with United States foreign policy. Nor should any of the other geographical lines that separate the Communist world from the free world. For they are the most tangible reminders that the Sino-Soviet giant is *there*. However much we deplore that hard fact and the grim realities that attend it, we cannot by some mere adroit shift in policy make the Communist regimes go away.

Let us bear always in mind that for any given problem we can do no more than adopt an overall approach that is as objective, realistic, and practical as can be devised in terms of our capacities and limitations. Within that framework, we can set to work with purposeful meaning. But any policy in or toward Asia, if it is to be successful, requires imagination, thorough preparation, careful application, and patience, often in the face of exasperating frustrations. We must never forget that in Asia we deal with civilizations which were old when ours was unknown.

Letters of Credence

Dominican Republic

The newly appointed Ambassador of the Dominican Republic, Joaquin Eduardo Salazar Camarena, presented his credentials to the President on February 21. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 96 of February 21.

The Role of Our Government in International Educational Exchange

by David McK. Key

*Assistant Secretary for International Organization Affairs*¹

It is an honor to address such a distinguished gathering of experts in the field of international exchange of persons. Your choice of speakers this evening—Dr. Bokhari,² representing the United Nations, Dr. Hovde,³ representing an independent university in this country, and myself, representing the United States Government—reflects the cooperative spirit which characterizes these international undertakings. Partnership between our Government and private institutions and organizations in matters concerning the national interest is a tradition of long standing in this country. It was quite natural, therefore, for President Eisenhower to make such a principle the keystone of our foreign policy.

A successful partnership implies equality and trust. In our dealings with other countries it involves a voluntary association of sovereign states. To succeed it must depend on the willingness of nations to cooperate on matters of common concern. To progress it must rely upon a broadening of the area of such common interests. Educational exchange projects offer an effective way to enlarge these areas of common concern. By bringing together people of different countries to share their knowledge and skills, to learn each from the other, and to work out common problems, we are developing the cementing force of mutual understanding and respect.

What, then, is the role played by our Govern-

ment in conducting bilateral exchange programs with other nations and in furthering similar activities of a multilateral character under the auspices of international organizations?

To view the Government's role in perspective, we must first consider its relationship to private efforts in this field. For private exchange programs existed long before our Government became actively interested in such matters, and still constitute a major share of this country's exchange efforts. This is, I believe, the way it should be. For it follows an axiom deeply rooted in our history—that governments should do what citizens and their own organizations cannot do for themselves. Moreover, the Department of State is well aware of the extensive private efforts in the exchange field, the need for avoiding duplication and for not operating where private enterprise can fill the bill. Therefore, the Government's exchange program is planned with a view to maximum use of private resources, coordination of the Government's program with private efforts in this field, and assistance to other exchange programs of interest to this Government.

Governmental activities in the exchange field serve certain special needs. First, it is sometimes necessary to carry out projects which are timely and are required by the international political situation. The trips arranged for members of national legislatures in other countries to visit the United States represent an aspect of this type of work. Second, many worthwhile projects would not be undertaken and would not receive nearly as much acceptance abroad were it not for the official endorsement and support of the United States Government. Thirdly, in this country, the endorsement and support of such projects by our Government serves as a very real inducement to

¹Address made before the National Conference on Exchange of Persons of the Institute of International Education at New York, N. Y., on Feb. 23 (press release 102).

²Ahmed Bokhari, U.N. Under Secretary-General for Public Information.

³Frederick Hovde, president of Purdue University and chairman of the Board of Foreign Scholarships, which selects all candidates for awards under the Fulbright Act.

private initiative and cooperation in this field. Such a cooperative arrangement has been developed for foreign newsmen to work for a while on American newspapers, with the American papers paying their United States expenses and the Government paying for their travel. Fourthly, the increasing interest of private groups in this sensitive field of international affairs requires the provision of advice and facilitative services by the Government. These services help to make more effective the efforts of private groups in promoting the national interest.

The essential function of this national program of ours is to help fill gaps in information and knowledge about the United States, to correct distortions in the picture of American life and concepts, and so build up attitudes toward, and a knowledge of, the United States and our way of life against which the day-to-day actions of our people and our Government can be accurately interpreted. As one of our exchange scholars wrote—

The relationships of democratic states, whose policies are determined in the last analysis by the people, depend to some extent upon the climate of popular opinion in one country about the people and institutions of the other. Ordinary people of different countries who live and work together in day-to-day contact cannot help developing feelings of friendliness and sympathy, and lose part of their fear and suspicion of each other.

To reach these goals we encourage, facilitate, and promote the interchange between the United States and more than 70 foreign countries of those persons who in themselves or in their activities may be influential in the formation of public opinion and the extension of cooperative relationships overseas. The people who take part in these exchanges promote our objectives in two ways: first, through the personal contacts they make, whether in connection with their work or in day-to-day living with the people of another country; second, through the actual projects they are engaged in, such as study or research, teaching, consultation, or gaining specialized practical experience.

The kinds of exchange projects we carry out vary as widely as our needs and interests and those of the other participating countries dictate. For example, in Korea, where the U.N. is carrying out an extensive program of rehabilitation in both economic and educational spheres, one of our projects was to set up a legal institute for Korean judges,

prosecutors, and practicing attorneys. This institute was planned originally by Korean legal experts who studied in the United States. Its job has been to familiarize those in the legal profession in Korea with Anglo-American law and its safeguarding of individual rights. Dean Storey of Southern Methodist University Law School took part in the formation of this institute. He has now obtained the cooperation of the American Bar Association to provide a legal library and to promote further exchanges of lecturers, students, and leaders in the field of jurisprudence. Last week five Korean specialists, including a judge and a public prosecutor, arrived at Southern Methodist University to take special courses in law and public administration. After their work at the university they will be placed with law firms or public agencies to get some practical on-the-job experience.

In the Philippines after World War II, the obvious need for educational rehabilitation was again recognized by both international organizations and individual states. In that case UNESCO sent a factfinding mission to the Philippines which studied the situation and made recommendations as to ways in which the educational system of the Philippines could best be advanced. Subsequently the United States Government, through the educational exchange program, assisted in carrying out many of the UNESCO recommendations by sending American lecturers in the field of education to the Philippines and bringing Filipino educators and teachers to the United States for observation and training.

In Germany, where social action at the community level needed strengthening, projects have been worked out to bring "community action teams" to the United States to observe the ways in which American communities work out their problems at the local level. These teams are composed of people prominent in the life of an individual community—for example, a local government official, the superintendent of schools, a local religious leader, and someone prominent in women's affairs. These people stay in American communities which have been selected because they have some similarity to the type of community from which the visitors come. When they go home, these groups are able to share their experiences and work together in the community to adapt ideas which they may have gathered from their American experience.

"American Studies"

Many of the exchange projects carried out under our Government's exchange program have, quite naturally, centered around the complex of subjects commonly referred to as "American Studies." While these projects have been given every encouragement by us, they have been developed in each case as a result of requests from the other countries involved.

In the other American Republics over 100 Americans have taught such courses over the past 15 years in some 21 universities and given short-term lecture series in 17 binational cultural centers. This year the University of Brazil, which up to this time had limited its courses in this field to general introductory work, included an advanced course in North American Literature for which students would receive credit toward graduation.

American lecturers have also taught such subjects in 28 universities in the Near and Far East and developed special summer seminars for teachers and professors in those areas.

The greatest developments, however, have been in Europe, where such projects have been fostered in over 50 universities in some 15 countries. For the past several years, an outstandingly successful Conference in American Studies has been held every summer at either Oxford or Cambridge Universities in England. In Belgium a chair in American Literature and Civilization was established last year at the University of Liège. This development was so well received by the Belgians that substantial progress has been made toward establishing similar chairs in the three other Belgian universities. In both France and Italy courses in American studies are fast becoming part of the regular curricula of the universities. In addition, with the cooperation of the foreign governments involved, teachers from many European countries are being brought to the United States for special training applicable to the courses they teach at home. Partially as a result of this mounting interest there has been formed in the past year a European Association for American Studies, a professional group devoted to a closer coordination of study and research in American studies.

From what I have said about the activities of our Government in the field of educational exchange, I believe that the principles underlying its operation may now be apparent. In the first place, it is characterized by a high degree of bina-

tional cooperation. For example, we have in many countries commissions composed of Americans resident there and foreign nationals who participate in the planning and administration of the program. When I was U.S. Ambassador to Burma, I served as honorary chairman of such a commission. The importance which the Burmese attached to the work of this group was reflected by the choice of people who represented them on the commission—the Rector of the University of Rangoon, the Director of Public Instruction, and others of similar nature. Binational mechanisms of this sort are not necessarily the fastest way to get things done, involving, as they do, negotiation and compromise. But I can assure you that they are the best way to conduct a program of cultural interchange designed to develop mutual understanding and respect.

A second principle underlying the operation of the program is that of reciprocity. This does not mean a head-for-head trading of people, but rather a trading back and forth to the greatest extent possible within the limits and resources available of knowledge, skills, developments, and achievements in the sciences, in the arts, from the offering of a scholarship in agriculture to the presentation of "Porgy and Bess" in Vienna or Athens.

Thirdly, the program has been marked by mutuality of interests. Programs are developed and planned to the greatest extent possible to broaden and deepen the community of interest between ourselves and other friendly nations on the basis of which a political solidarity can be reasonably reached.

Fourthly, the program is highly selective in terms of grantees, in terms of projects, and in terms of audiences or circles to be reached.

Fifthly, in all of its operation, the program relies necessarily, but happily, very largely on private resources—for sharing in the actual management of the program, for direct financial support, and for one of the absolutely essential ingredients of the program—hospitality and professional services. We, in turn, try to encourage and facilitate privately sponsored exchanges wherever possible. During the past year we were able to be of assistance to more than 558 non-U.S. Government exchange projects which involved the interchange of more than 3,340 people throughout the free world. We are, of course, also concerned with many policy matters

and with problems involving obstacles and barriers to effective exchange—problems in connection with visa work, selective service, income taxes, transportation, etc.

The services of our Government in educational exchange matters are not restricted to support of bilateral programs. As a member state, the United States gives active support to exchange programs sponsored by the United Nations and its specialized agencies. The United Nations itself has fellowships in economic development, public administration, and social welfare.

U.N. Exchange Programs

The International Educational Exchange Service of the Department of State works closely with this program by receiving the nominations of those United Nations candidates who wish to get their training in the United States and arranging suitable programs for them in whatever Government agency may be appropriate. During the past year, 132 U.N. fellows from more than 30 countries came here under such arrangements. They included such people as a senior engineer from the Ministry of Home Affairs in Korea, who spent 6 months learning about highway construction at our Bureau of Public Roads, and a professor at the School of Social Service in Rio de Janeiro, who studied the administration of schools of social work under the guidance of the Department of Health, Education, and Welfare.

The specialized agencies of the U.N. such as the International Civil Aviation Organization, the Food and Agriculture Organization, the International Labor Organization, and the United Nations Educational, Scientific and Cultural Organization, have similar programs which the State Department also assists. I know that most of you are already familiar with the continuing activities of the U.S. National Commission for UNESCO in this field. Our Government also works closely with the U.N. Trusteeship Council, which is concerned, among other things, with educational advancement in the trust territories. Four students were awarded grants last year under our program for study in this country—one each from Western Samoa, Tanganyika, the British Cameroons, and British Togoland. Three of them were working in the field of education and one in business administration.

Thus, as you see, our national, bilateral pro-

gram is coordinated with the international programs, each contributing to the other. There is no conflict, but rather cooperation, between them.

Cultural Exchange in the U.S.S.R.

By way of contrast, let us look for a moment at the Soviet Union's activities in this field. With over 1,000 delegations entering or leaving the Soviet Union in 1954, cultural exchange continued to assume an ever more commanding role in the Communist propaganda effort. However, only brief glimpses of life behind the Iron Curtain were afforded. Delegations to the Soviet Union from the West generally stayed about 3 weeks, those from the Far East only slightly longer. Reports of their visits in the Soviet press show that, regardless of the type of delegation involved, visitors were limited to a fairly set route of sights and cities. Moscow still remained the focal point of all tours, and the most frequent complaint was that once the visitor got to the provinces no variation in a tour apparently could be undertaken without first returning to Moscow, even if this meant considerable doubling back. One Dutch visitor had the following comment to make:

I do not know whether angels were with me on my way to Moscow and during my stay there, but I certainly had the impression of being guided by an invisible hand. For the first time in my life I felt I was not deciding things myself. Someone else, some mysterious power not only watched over me but also took care of me, directed my steps, pointed the way. . . . In Moscow I gradually realized that I had to conform to the wishes of those who looked after me.

It is significant that the group and the delegation dominate Soviet activities in this field and that private travelers are only rarely admitted for any lengthy stay. Moreover, if the average delegation were generously estimated at 20 persons, the total number of people visiting the Soviet Union, including those from the satellites, was less in 1954 than the smallest of the Low Countries would normally expect in a summer season.

The truth of the matter is that the Soviet program is purely one of propaganda for the U.S.S.R. Its objective, therefore, does little or nothing to broaden the avenues of genuine understanding between the peoples of the world. The program is operated to publicize the "superiority" of life in Communist countries, while at the same time disparaging the cultures and peoples outside the Soviet bloc.

We certainly cannot be indifferent to these efforts. Neither should we be alarmed or fearful. For one of the heartening facts that has been revealed in scientific studies of our own Government's exchange program is that our country stands up well under close inspection and that the freedom of movement we accord our visitors from other countries is not only appreciated but results in generally favorable impressions of us.

The contrast between Soviet efforts and our own in this field can be illustrated by the example of a correspondent for a Swiss newspaper who came to our country and later visited behind the Iron Curtain. All of his articles on the two trips are illuminating, but I think you can gather their flavor from two excerpts.

While in the United States this newsman visited, among other places, one of our slums. In his own words—

It is not a pleasant sight . . . A slum like all slums . . . They are to be found in all the large cities of the world, and this one does not deserve to be mentioned more than any other, perhaps, but I am here to tell what I see, and that is part of what I have seen. Just as I have seen how the average standard of living is higher here than elsewhere, because here the average is not an abstract . . . Here the average is a reality; it is the great mass of Americans.

The same correspondent's articles on his visit to Bucharest to attend the World Youth Congress mention, among other things, the very copious meals served to the delegates. "Numerous baskets of fruit," he remarks, "were put on the tables every day, although fruit is as rare as pearls in the Bucharest markets. The desire to create an impression of abundance was obvious. New State stores were open for the Festival, and the local population stood in circles in front of the windows to contemplate the canned goods, wines, and liquors that had miraculously reappeared on the market. But let the car taking me to the Congress leave the main streets . . . and I soon spotted the queues of housewives standing first on one foot and then on the other in front of a butcher shop or a grocery store." I am sure the readers of these articles needed no underlining to draw the same conclusions as you and I.

The conference you are holding this week is ample testimony to your belief in the importance of exchange of persons as a means of improving our international relations. Dr. Milton Eisenhower has summarized the significance of cultural

interchange in a report to the President⁴ in which he says:

. . . Abiding cooperation among nations toward common goals must be based on genuine understanding and mutual respect; economic cooperation, political cooperation, and military cooperation may break down under the strain of crisis unless there is much more than superficial understanding of one another's cultures, problems, and aspirations.

Like all other human relationships, exchange of persons cannot be taken for granted. If it is to bring about the desirable ends for which it is undertaken, it must be studied, reviewed, and improved. That, I note, is the main purpose of your discussions here, and I know that they will be fruitful. In such a cooperative spirit I feel sure that we can truly develop "Leaders for a Free World."

Freedom of Information in a Democratic Society

by *Hugh S. Cumming, Jr.*
*Ambassador to Indonesia*⁵

Since we are here today to open a library, I would like to make a few remarks about the importance of books and other informational materials in a democratic society.

Several months ago one of America's leading educational institutions, Columbia University, observed its 200th anniversary. This is the university which Mr. Eisenhower headed before he became President of the United States.⁶ The theme adopted for the occasion was: "Man's right to knowledge and the free use thereof." In explaining the reasons for this theme, the Director of the Columbia Bicentennial touched upon principles which are valid in any country where man has the right to knowledge and the free use thereof. He noted, for example, that knowledge, like the air we breathe and like liberty, is so essential that we usually take it for granted until we find ourselves without it. Knowledge and the

⁴ BULLETIN of Nov. 23, 1953, p. 695.

⁵ Address made at Padang, Central Sumatra, on Jan. 17, at the official opening of the Usis Lincoln Library reading room.

⁶ For text of the President's address at the bicentennial observance, see BULLETIN of June 14, 1954, p. 899.

ways in which men use it determine the health of our families, the types of homes in which we live, the jobs we hold, the comforts we enjoy, the whole civilization which surrounds us; and knowledge—real knowledge—cannot be had without freedom.

The struggle to know, this spokesman for a free university in a free country pointed out, is one of the most exciting dramas of history, and every man who ever tried to learn anything has enacted it, in miniature, for himself.

The right to know is the right of everyone, not of any one race or creed, of the learned or unlearned, of those who live in academic halls or those who pursue knowledge elsewhere. The right to knowledge embraces the concept that each citizen is entitled to the information he needs in order to discharge the responsibilities of citizenship. The free use of knowledge includes the exercise of free speech in the spoken and printed word and gives to every man the right to express in his own way his inmost thoughts and yearnings, because this is the road to truth—this, with faith, is the road to God. Knowledge is for the use and benefit of life, and the possessor of knowledge assumes with his knowledge an obligation not to prostitute it to other ends—not to use it to enslave but to free.

The possessor also assumes the responsibility to protect freedom of information in order that he may contribute to the dignity of man and that future generations may have access to all the sources of man's knowledge. In practical terms this means that Americans and Indonesians and citizens of other countries where freedom of information exists must always be on guard against attempts to control information, whether that information comes from books, magazines, newspapers, the radio, or other sources. Those of us who have lived in countries where information is controlled or is perverted by men who dare not permit a free flow of information can testify to the hunger the people have for news from the outside. At this very minute, thousands of men and women in many countries are risking their lives in order to gather and disseminate knowledge that their masters try to deny them.

More than 300 years ago the great writer John Milton wrote:

And though all the winds of doctrine were let loose to play upon the earth, so Truth be in the field, we do ingloriously, by licensing and prohibiting, to misdoubt her

strength. Let her and Falsehood grapple; who ever knew Truth put to the worse in a free and open encounter?

This principle has worn well with time. Freedom of information is essential to political liberty and human dignity, and no other freedom is secure when men and women cannot think freely and freely convey their thoughts to one another.

The books and magazines in this library, if used properly, can be made to work for you. You will find information on history, on agriculture, on science, on health, and on sports, as well as on many other subjects. All of this is free information—free not only in the sense that those who use the library may do so without cost, but in the more important sense that the materials here were written and gathered by men raised in the tradition of freedom of inquiry. Thus, it is quite possible that in this library you will read passages in books, or articles in magazines, that are critical of some aspect of the United States or of the American people. We have our faults and we do not conceal them. We try to present the facts and different opinions regarding the meaning of those facts in the belief, as Milton said, that in any free and open encounter truth will win.

As you see, this library has a modest beginning. Its growth will depend mainly upon the use that is made of it. Knowing the traditional respect for education in this part of Indonesia, I am confident that this library will be used widely and wisely and, therefore, will grow into an institution of service and significance to the people of Padang and neighboring communities. This would be in keeping with the belief of the man for whom this library was named, for President Abraham Lincoln once wrote:

For my part, I desire to see the time when education—and, by its means, morality, sobriety, enterprise, and industry—shall become much more general than at present, and should be gratified to have it in my power to contribute something to the advancement of any measure which might have a tendency to accelerate the happy period.

All good works—and I hope the Lincoln Library at Padang will prove to be a "good work"—have three ingredients: the work itself, the spirit which inspires the work, and the hard work of the people. Hard work has certainly gone into this library, and, although many residents of Padang have helped, I would like to extend special thanks to Mayor Rasidin, the Governor's Office, and to the library's neighbors, Mr. Munir and Mr.

Juskalidjo. Their assistance and cooperation reflect the attitude of the people of Padang toward the establishment of the Lincoln Library.

As the Ambassador of the United States to Indonesia and the personal representative of President Eisenhower, I now declare the Lincoln Library open, and I trust that under God it will serve well the people of Padang, Bukittinggi, and all this part of Central Sumatra.

Sekarang, saja utjapkan Perpustakaan Lincoln ini terbuka, dan mengharap bahwa insja Allah dipergunakan baik buat penduduk Padang, Bukittinggi, dan sebagian ini Sumatra Tengah.

James McDonnell Named Chairman of U.S. Committee for U.N.

Press release 85 dated February 15

Secretary Dulles on February 15 announced the appointment of James S. McDonnell, Jr., of St. Louis, Mo., as 1955 chairman of the U.S. Committee for the United Nations. Mr. McDonnell is president of McDonnell Aircraft Corp. of St. Louis, Mo. He succeeds Ambassador Morehead Patterson, 1954 chairman and presently U. S. representative to implement the policy of the United States toward the establishment of an international atomic agency.

The U.S. Committee for the United Nations was originally established in 1948 by Secretary of State George C. Marshall in response to a U.N. General Assembly resolution which set aside October 24 as U.N. Day.

The announcement of Mr. McDonnell's appointment was made at a meeting of the U.S. Committee at the State Department. Secretary Dulles told representatives of the 130 national organizations at the meeting how important he considered the work of the Committee. "Those who know the United Nations best," he declared, "are those who have the highest opinion of it. . . . Therefore, the task that you are doing in bringing knowledge of the United Nations to the people is, to my mind, a very important, almost indispensable task."

Mr. McDonnell, in accepting the chairmanship, expressed his deep convictions about the importance of the goals of the United Nations and his pride in being associated with the Committee.

Also speaking at the meeting was the new U.N. Under Secretary-General for Public Information,

Ahmed Bokhari. Mr. Bokhari, former permanent representative of Pakistan to the United Nations, declared that apart from the achievements of the United Nations the very idea of the United Nations is a great triumph for mankind.

Mr. McDonnell announced the appointment of Theodore Smith as staff Executive Director of the U.S. Committee for the United Nations. Mr. Smith was previously on the faculty of the Massachusetts Institute of Technology and since 1946 has been associated with the Motion Picture Association of America. He succeeds C. Lloyd Bailey, who resigned January 1 to take an overseas assignment with the American Friends Service Committee.

Preliminary plans were discussed for a greatly expanded U.N. 10th anniversary program which would begin in June and culminate on October 24, U.N. Day.

The U.S. Committee for the United Nations has as its primary purpose the promotion of nationwide observances of U.N. Day as a means of increasing public understanding and support for the United Nations. The headquarters are located in Washington, D. C., at 816 Twenty-first Street NW.

Current Legislation on Foreign Policy: 84th Congress, 1st Session

Draft of Proposed Provision Pertaining to the Foreign Claims Settlement Commission. Communication from the President. H. Doc. 61, Jan. 10, 1955. 2 pp.

Inclusion of Escape Clauses in Existing Trade Agreements. Message from the President. H. Doc. 64, Jan. 10, 1955. 2 pp.

Condition of the Foreign Service Retirement and Disability Fund, Fiscal Years 1953 and 1954. Message from the President. H. Doc. 70, Jan. 17, 1955. 3 pp.

Status and Progress of the St. Lawrence Seaway. Message from the President. H. Doc. 71, Jan. 17, 1955. 3 pp.

Trade Agreements Extension—1955. H. R. 1 (Trade Agreements Extension Act of 1955), President's Message on Foreign Economic Policy, and Related Material. Committee print, Jan. 17, 1955. 32 pp.

Thirteenth Semiannual Report on Educational Exchange Activities. Letter from chairman, U. S. Advisory Commission on Educational Exchange, Department of State, transmitting the thirteenth semiannual report on the educational exchange activities conducted under the U.S. Information and Educational Exchange Act of 1948 (Public Law 402, 80th Cong.), for the period from July 1 to December 31, 1954. H. Doc. 67, January 13, 1955. 13 pp.

Study of Technical Assistance Programs. Report to accompany S. Res. 36. S. Rept. 8, January 21, 1955. 2 pp.

Extending the Time for a Report by the Committee on Foreign Relations on Revision of International Peace and Security Organizations. Report to accompany S. Res. 38. S. Rept. 12, January 21, 1955. 2 pp.

President's Views on Administration of Foreign Economic Program

Following is the text of a letter which President Eisenhower sent to Representative Joseph W. Martin, Jr., concerning H. R. 1, the Trade Agreements Extension Act of 1955, and which Mr. Martin read in the House of Representatives on February 18.¹

THE WHITE HOUSE,
Washington, February 17, 1955.

The Honorable JOE MARTIN,
House of Representatives,
Washington, D. C.

DEAR JOE: I was concerned to learn from you that there are Members of the Congress who are not wholly familiar with my philosophy respecting H. R. 1 and with my concept of the administration of this program. I send you this letter to eliminate any misunderstanding that may exist.

This point I should like especially to emphasize: Few programs will contribute more fundamentally to the long-term security of our country than the foreign economic program submitted to the Congress on January 10.² This program, built around H. R. 1, will powerfully reinforce the military and economic strength of our own country and is of the greatest importance to the well-being of the free world. The program underlies much of our military effort abroad and promises our people ultimate relief from burdensome foreign-assistance programs now essential to free-world security. It recognizes the creditor status of America in the world and assures leadership of our people in the easing of unjustifiable trade barriers which today weaken all who are joined in opposition to the advance of communism. These considerations underlie my earnest advocacy of H. R. 1. I deeply believe that the national interest calls for enactment of this measure.

¹ Reprinted from *Cong. Rec.* of Feb. 18, p. 1517.

In the voting on the same date, the House rejected by a vote of 199 to 206 a motion to recommit the bill which would have had the effect of restricting the President's authority with respect to recommendations made to him by the U.S. Tariff Commission. The bill was then passed by a vote of 295 to 110.

² BULLETIN of Jan. 24, 1955, p. 119.

I wish also to comment on the administration of this legislation if it is enacted into law. Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing so much throughout the world to preserve. This plain truth has dictated the retention of existing peril-point and escape-clause safeguards in the legislation.

I want to say further that this same philosophy of administration will govern our actions in the trade negotiations which are to begin next week at Geneva.

You are aware, of course, that by law this program will be gradual in application. A key provision of the bill limits to 5 percent of existing tariff rates the annual reduction in these rates permissible over a 3-year period, and unused authority will not carry forward from year to year. You know, too, that this program will be selective in application, for across-the-board revisions of tariff rates would poorly serve our Nation's interests. The differing circumstances of each industry must be, and will be, carefully considered. The program, moreover, provides for reciprocity, and in the program's administration the principle of true reciprocity will be faithfully applied. Americans cannot alone solve all world trade difficulties; the cooperation of our friends abroad is essential. With such cooperation, this program provides the means for doing our part to help emancipate free-world commerce from the shackles now holding back its full development.

For the reasons I have here outlined, I hope that H. R. 1, which is so important to every American citizen and to the free world, will receive the wholehearted support of the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

U.S. Trade Policies and Prospects

by Winthrop W. Aldrich
*Ambassador to Great Britain*¹

I am told that this centralized augmented commercial library was made necessary by the number of inquiries for commercial and technical information and that these inquiries reflect the rising tempo of Liverpool's industrial and trading activities.

An important part of your trade, of course, is with the United States. I know many of you have a deep interest in such trade. I should like to speak to you briefly about some of the immediate prospects in this field.

At the moment interest seems to be concentrated on two aspects of the matter. The first concerns the policies which the United States may be expected to pursue in regard to the expansion of international trade. The second concerns America's economic outlook, which affects the ability and willingness of the American people to buy foreign goods.

Let me say at the outset that I believe the prospect is bright on both counts.

As you probably know, the general tendency in the United States for a good many years has been toward a lowering of tariffs and a rising volume of imports. Except for the war period, this trend has continued with only minor variations and occasional exceptions. It is the variations and exceptions which have made the headlines, but it is the unmistakable trend which emerges from the facts and figures.

Yet businessmen in this country and elsewhere in the past few years have been watching the United States intently for signs of still greater trade liberalization. There is, of course, one good reason for this. With the recovery of industrial production on this side since the war, and with

the decline in U.S. economic aid, the nations of Europe are tending more and more to earn the dollars they need to purchase what they require from the United States. Consequently, there has been more interest than ever in what the United States would do about imports, whether or not we would continue in the same direction of freer trade, and whether there was any chance that we might speed up the process of liberalization.

When President Eisenhower came into office just 2 years ago, he knew that this was a question of major concern throughout the world. He decided that the whole matter should be thoroughly reviewed, not only by the executive branch of the Government but by a public commission composed of leading citizens and leading members of the two Houses of Congress of both parties.

The Commission, headed by Clarence Randall of Chicago, went to work and, after studying many phases of our foreign economic policy, made its report to the President last year. The report recommended a series of steps designed to promote a greater volume of international trade, including legislation to permit further reduction of U.S. tariffs and to simplify and improve our customs procedures. President Eisenhower endorsed the recommendations of the Randall Commission.

Achievements in 1954

Last year the Congress made an interim extension of our Trade Agreements Act for 1 year and passed a law making some improvements in our customs administration. A number of British exporters have already benefited from these improvements. And as the year drew to a close, the Government, in the spirit of the Randall recommendations, announced a major change in its operation of the Buy American Act,² a change

¹ Address made at the opening of the Liverpool Commercial and Local Government Reference and Lending Libraries, Liverpool, England, on Jan. 27.

² BULLETIN of Jan. 10, 1955, p. 50.

sharply in favor of exporters trying to sell their products to agencies of the American Government. Heretofore, U.S. Government agencies did not have to consider foreign bids unless they were 25 percent lower than the lowest American bid. Now the margin in favor of American firms has been reduced, under normal circumstances, to 10 percent. The Buy American Act applies, of course, only to Federal Government contracts, which comprise only a small percentage of our total market. If you looked at the rest of our market, which is firmly in private hands, you would think the American consumer, in regard to some products, was following the dictates of an unwritten "Buy British Act." I am thinking, for example, of your bicycles, your whisky, your woollens and your sports cars.

As you see, some further progress toward freer trade was made in the United States last year. But I know that many people have been impatient. They wanted all the Randall recommendations to be carried out right away. When Congress adjourned last year without passing the major Randall proposals, some of these people quickly gave up hope that the proposals would ever be passed at all.

I believe events will shortly prove them to have been mistaken. Two weeks ago yesterday the President sent a special message to Congress,³ his first such message of the session, asking for early consideration and passage of some of the central recommendations of the Commission. He asked Congress to extend the Trade Agreements Act for 3 years and to grant him new authority to make one of three types of tariff reductions on any commodity:

1. To reduce the rate by 5 percent each year of the 3-year period;
2. To reduce any tariff rate which is over 50 percent down to that level over the 3-year period;
3. To reduce by half, over the 3 years, tariff rates on articles which are not now being imported or which are being imported in negligible quantities.

Most of these reductions would be achieved on a reciprocal basis through multilateral negotiations, presumably through the machinery of the General Agreement on Tariffs and Trade, the GATT.

³ *Ibid.*, Jan. 24, 1955, p. 119.

It is expected that later this year, when the current GATT meetings in Geneva are concluded, there will be presented to the Congress legislation approving formal American membership in a reconstituted and strengthened free-world tariff and trade organization.

These proposals have been embodied in the first bill to be considered in the House of Representatives this session. Last week committee hearings on the bill were in full swing, and Secretary of State John Foster Dulles and the Secretaries of the Treasury, Defense, Agriculture, and Commerce and Mr. Stassen all appeared before the committee to lend the full weight of their influence and prestige in behalf of the bill.⁴

Naturally, there will be some opposition, for this is a problem which vitally affects the manufacturers and wage earners in many American industries. If there are to be imports of new products or a greater volume of products previously imported, some industries in the United States will have to make adjustments. And as those of you who are in business well know, such adjustments are not always easy. They cannot be taken lightly. It is to be expected that those who will have to make such adjustments will object to these proposals.

Popular Support for Measure

And yet I am convinced that this measure will be approved by a substantial majority in both Houses of Congress at this session. This congressional support in turn reflects, I am sure, overwhelming support among the people of the United States. Today more than ever before, the American public understands the importance of a higher level of world trade, including a higher level of imports, both for America's own prosperity and for the economic strength of the free world. One of the reasons the American people understand this so well today is that they have had time to study and assimilate the evidence which has been presented to them by the various bodies which have surveyed the subject, particularly the widely representative Randall Commission. I believe too that the strong pronouncements in behalf of this policy by the President himself and key members of his Cabinet have served to increase this public understanding.

⁴ For text of Secretary Dulles' statement, see *ibid.*, Jan. 31, 1955, p. 171.

One of the most important needs in the whole field of tariff policy, as exporters in this country well know, is a fairly strong assurance that the policy adopted is firmly based and will not quickly change. Many exporters here and in other countries have been more concerned about uncertainties in tariff rates than in the particular level of the tariff at the moment. Consequently it is most essential that any change in tariff policy have a solid foundation in public support. A measure that may be pushed through Congress without sufficient popular understanding and approval is in some danger of being reversed when the impact of the change reaches the affected industries in this or that part of the country. I therefore count it all to the good that, even at the cost of some delay, the American public has had time in the past 2 years to digest all the implications of a move toward greater imports and is by now firmly convinced of the desirability of the President's proposals. I am confident that the Congress will grant to the President the power he has requested to cut tariffs still further, and I believe the value of this step is enhanced by its having become established in a firm base of enlightened public opinion.

I have mentioned so far only the keystone of the President's program, the extension of the Trade Agreements Act with its authorization to reduce tariffs. But the President is not resting there. He has asked the Congress to pass additional legislation to facilitate imports into the United States. In addition to last year's action to simplify various aspects of United States customs procedure, the President's new message envisages still further technical amendments to improve these procedures.

The United States Tariff Commission, in accordance with an act of Congress passed last year, is now studying the difficulties of customs classification which have caused a good deal of uncertainty about the rate of duty for specific commodities. Under the present complex structure, a customs court frequently has to decide such questions as whether a canned beef stew is a soup, a hash, or a "nonenumerated manufactured article." When the Tariff Commission concludes its study, it is expected to recommend a revised classification of imported products to end such uncertainties. It will make an interim report by the middle of March. The process of improvement in this field is well under way.

Furthermore, the President is asking the Congress specifically to pass a bill clarifying the basis of customs valuation. A bill along these lines passed the House of Representatives in the last Congress but the Senate was unable to consider it before adjournment. To end the difficulties under the present law, which requires customs officials to determine both the "foreign value" and the "export value" of a product and to base the duty on the higher one, the President's proposal urges Congress to standardize the basis of assessment as the "export value" alone.

The President also recommended passage of a bill to permit American tourists returning home from abroad to bring back with them up to \$1,000 worth of goods duty free during any 6-month period. The present limit is \$500.

Promoting Private Capital Flow

But the President's foreign economic policy covers more than the trade field. To help supply the growing need of the free world for capital, the President is suggesting ways and means of promoting the flow of United States private investment abroad, especially to the underdeveloped areas. Such a flow of capital would expand the volume of international trade in many ways. He has therefore requested Congress to make tax concessions on American investment abroad and has urged the approval of United States membership in the proposed International Finance Corporation, designed to encourage greater private investment in less-developed countries.

The world dollar position, of course, is also still being helped by continuing programs of military, economic, and technical aid which the United States is extending to many nations.

An increase in the levels of trade does not depend on the actions of the United States alone. We are hoping to make a great deal of progress in the direction of increased liberalization in the United States. We are hopeful too that other countries whose trade is still heavily restricted, not only by tariffs but by quotas and currency restrictions, will also be able to make substantial progress toward freer trade at the same time.

The most propitious climate for a high volume of international trade, increasing the standard of living of all concerned, is one in which all major currencies are completely convertible. With the improvement of economic conditions in Europe in

the past few years and the sizeable increases in gold and dollar reserves, the time appears ripe for further advances toward that goal. Such progress would make the port of Liverpool and the other major ports of the free world busier than ever—and thereby contribute to the welfare of the millions of citizens they serve.

I have been talking so far about economic policies. Let me add a few words about economic prospects. Just a week ago I returned from a rather lengthy visit to the United States, and I had occasion to talk to many of my former colleagues in the business and financial world as well as to the President and some of his key officials. It seemed clear to me, both from my own observations and from my conversations, that the United States economy was in the midst of a vigorous recovery from the minor temporary contraction which had occurred earlier in 1954. As the President indicated in his letter to Congress a week ago, transmitting his annual Economic Report,⁵ the recent recovery has already made up half of the preceding decline in industrial production, suggesting "that economic expansion will probably continue during coming months. It holds out the promise that we shall achieve a high and satisfactory level of employment and production within the current year."

Here is another case where the pessimists are once again being confounded. Because of our prewar experiences, some observers seem to be alarmed just as much by rising curves on an economic chart as they are by falling ones. They seem to view every rise, every increase, every sign of growth, not for its own value in expansion and improved living conditions but simply as the prelude to the next inevitable fall. I cannot share their perpetual gloom. As the President said in his letter:

Many factors favor a continuation of our vigorous economic growth. The population is increasing rapidly, educational levels are rising, work skills are improving, incomes are widely distributed, consumers are eager to better their living standards, businessmen are starting new enterprises and expanding old ones, the tools of industry are multiplying and improving, research and technology are opening up new opportunities, and our public policies generally encourage enterprise and innovation.

The present outlook for the expansion of the United States economy is therefore most favor-

able. And this is a matter of interest, not only to the American people but to the many countries which are looking to the United States as an expanding market for their goods. For the level of American imports depends directly on the level of the American economy as a whole.

This is just one more example of the way in which the prosperity and welfare of one nation are tied up with the welfare and prosperity of the other nations of the free world.

This is equally true of our common security, which is based to such a large extent on the economic health and strength of all the free nations. Higher levels of trade and greater prosperity are important ingredients in the formula for our mutual safety.

Another essential element, of course, is the unity of the free world, a unity in which the close relationship and identity of purpose of our two great countries is the vital keystone.

In the company of the other free nations of the world, your country and mine are striving to preserve and enhance the dignity and liberty of the individual, as well as the expanding opportunity for him to better his condition. I am convinced that, standing and working together, we shall succeed in preserving our freedom, improving our common welfare, and maintaining the peace for which we all pray.

Exchange of Memoranda With Embassy of Italy on Trade Policy

Following is an exchange of memoranda between the Department of State and the Embassy of Italy at Washington together with an Italian Embassy memorandum on "Liberalization of Dollar Imports by Italy" and an Italian Embassy summary of an earlier memorandum on "Trade Relations Between Italy and the U. S."

Department Memorandum of February 17, 1955

The Department of State has received memorandum No. 15801 of October 29, 1954, from the Embassy of Italy requesting the Department of State to provide for the fullest distribution of the Embassy's memorandum on "Liberalization of Dollar Imports by Italy" so that proper recognition can be given to the contribution that Italy

⁵ H. Doc. 31, 84th Cong., 1st sess.; transmitted Jan. 20.

has given to the cause of trade development and economic cooperation among free nations.

The voluntary action by the Italian Government in further liberalizing imports from the United States is welcomed and it is hoped that additional measures will soon be taken to further relax the remaining restrictions on dollar imports.

Although the United States has already encouraged the entry of an unprecedented volume of imports, a high priority has been placed on the enactment of new legislation by the Congress of the United States which would provide the basis for promoting freer trade policies by the United States and by other nations. It may be noted that an Italian company, Industrie Elettiche di Legnano, has already benefited from the recent Executive Order of the President on the "Buy American" Act. The Department of the Army awarded this firm a contract to supply transformers for a Tennessee Dam as a result of a bid 13.9 percent below the bid by a domestic firm.

As the Italian Government noted, actions of the United States to promote imports will facilitate the relaxation of dollar restrictions by other countries by making more dollars available. As more dollars become available and their dollar position improves, the Contracting Parties to the General Agreement on Tariffs and Trade, by reducing their import restrictions can fulfill their obligations to make fully effective the tariff concessions that have already been and may be granted to the United States. Otherwise, those concessions will continue to be partially or completely nullified by quantitative restrictions still in force. Greater freedom from restrictions and controls, with the increased efficiencies which should result from expanding markets and the freer play of economic forces, is essential for the attainment of our common objective, which is the highest possible level of trade and the most efficient use of capital and resources.

The Department of State is pleased to note this important step by the Italian Government in freeing trade between the United States and Italy. Together, the nations of the free world can do much to improve the economic strength and well-being of all its people.

Italian Embassy Memorandum of October 29, 1954

The Italian Embassy presents its compliments to the Department of State and has the honor to

transmit the attached memorandum illustrating the purposes and significance of the recent decision by the Italian Government to liberalize imports from the dollar area.

The Italian Embassy will appreciate it if the Department of State will provide for the fullest distribution of the attached memorandum so that proper recognition be given to the new contribution that Italy, in spite of her huge trade deficit and her persistent balance of payments difficulties, has given to the cause of trade development and economic cooperation among free nations.

The Italian Embassy thanks the Department of State for its kind interest in this matter.

Italian Embassy Memorandum of October 1954

LIBERALIZATION OF DOLLAR IMPORTS BY ITALY

Continuing its periodic review of trade relations between Italy and the United States, the Italian Embassy desires to comment on the recent measure undertaken unilaterally by the Italian Government to liberalize imports from the dollar area.

This measure is particularly significant for it was undertaken by Italy on its own initiative, despite substantial and persistent trade deficits. These give no evidence of disappearing soon. Until 1952 dollar exports improved yearly. From 1952 to 1953 Italian exports to the dollar area remained virtually unchanged. From 1953 to 1954, exports have fallen, the cumulative trade deficit with the dollar area through June of this year amounting to \$115 millions.

This dollar imbalance was increased by partial dollar settlements of Italy's deficit with the Ecu [European Payments Union] area, reflecting Italy's aggressive leadership in liberalizing over 99% of imports from the Ecu countries. As of September 1954, Italy's cumulative deficit in Ecu amounted to \$190 millions, a substantial share of which was settled in dollar payments.

The overall trade deficit through June 1954 amounted to \$457 millions compared with \$542 millions through June 1953. Deficits in trade have been partially offset by surpluses from the so-called invisibles, such as services and tourists' expenditures. But it is the extraordinary receipts from off-shore procurements and infra-structure, the occasional drawing down of reserves, and certain capital receipts which have made it possible to cover the balance-of-payments of deficits. When these extraordinary receipts end, the dollar problem may re-emerge strongly unless meanwhile there is a permanent expansion of dollar earnings.

It is obvious that Italy continues to face serious international payments difficulties. It may well be asked, therefore, why Italy undertook to liberalize dollar imports at this time.

The decision reflects an overriding belief that a further freeing of world trade would materially contribute to the strength and security of the free nations. Substantially

March 7, 1955

freer trade practices began with the liberalization of intra-European trade in which Italy took the lead.

The benefits of freer dollar trade should be many. Europe requires the invigoration of competition with goods from the dollar area to lower prices and increase productivity. Moreover, the improvement of living standards throughout the world is in great measure tied to the ability of nations to trade freely with each other, particularly as between principal currency areas. Likewise, a greater flow of funds into international investments, so important for the economic development of many areas, requires the assurance of stable currency and trading relations that arise when nations trade freely with each other unhampered by artificial trade and currency restraints.

Thus Italy has moved sharply forward toward promoting freer trade. Based on imports in 1953, nearly 25% of imports from the U. S. and over 45% of all imports requiring dollar payments have been liberalized. These are indeed considerable measures for the dollar problem confronting Italy remains more persistent and durable than that facing other European countries.

Despite recent discoveries of important mineral resources, Italy remains one of the European countries most deficient in the basic raw materials for industry. In agriculture too Italy faces considerable problems. Anything less than an ideal harvest leaves Italy as a heavy net importer of basic foodstuffs. These deficiencies in national resources, the direct and indirect burdens of unemployment, and the limited size of the domestic market press heavily on the Italian cost structure. The ability to compete in international markets will improve as a result of development and modernization programs now under way. But these programs are expensive both in local currency and foreign exchange, making it more essential than ever that Italy be able to export.

It is certainly hoped that the present degree of liberalization can be maintained. This will depend importantly on whether dollar income can be developed to replace present extraordinary dollar income from such temporary sources as off-shore procurements. In any event, further liberalization requires that Italy foresee clearly the possibility of improving its dollar position. This may be brought about in two ways. Firstly, if certain members of the EFTU further liberalize their trade with other members, Italy's position within EFTU should improve, thus diminishing the dollar drain there. The more obvious and direct means of improving the dollar position, however, is to increase exports to the dollar area. Aggressive steps have been taken in this direction. Every day brings further evidence of the initiative being taken by Italian firms in U.S. markets. These efforts are not being confined solely to traditional exports of handicrafts, foodstuffs, and fashions—products which often do not compete with American production—but include industrial products as well. However, candor requires the observation that these efforts alone will not bring about the required increase in exports, unless they are matched by more liberal American trade policies.

When U.S. economic aid was withdrawn, it was hoped that changes in American trade policies would permit

further trade with the U.S. These changes have not yet come about, but it is noted with encouragement that the President has reaffirmed his determination to achieve the foreign trade policy objectives outlined in his Message to Congress of March 30, 1954.¹

As the President has recently noted, an expansion of American foreign trade is an essential for the growth of the American economy. Vast as is the domestic American market, many U.S. industries depend importantly on exports. Highly competitive and efficient, these industries could export more readily providing additional jobs and income for Americans. If Italy and other nations are permitted to export more to the U.S., they will purchase more from the U.S. This is particularly true now for many nations are much nearer to reaching the minimum hard currency reserves required for freer and more stable trade with the dollar area.

A general review of those measures which the U.S. could undertake in the interest of developing further trade between Italy and the U.S. was outlined in the Embassy's Memorandum of May, 1954 entitled, *Trade Relations Between Italy and the U.S.* The closest attention will be given to U.S. action in the field of international trade policy in the coming months.

Italian Embassy Summary of May 1954 Memorandum on "Trade Relations Between Italy and the U.S."

1. The members of the Western Defense community are in complete agreement that an expansion of trade is essential to their economic and political unity and strength and capacity to support vigorous defense programs. This is no less true for the U.S., as recently underscored in the President's message to Congress on foreign economic policy.

2. Exports are of particular importance to Italy because defense, investment, agricultural reform and other programs entail heavy foreign exchange costs. Of all exports, those to the U.S. are most important because they provide Italy with the means of purchasing dollar commodities available elsewhere often only on disadvantageous terms.

3. The interest of the U.S. in exporting to Italy is equally great. The President has pointed out the need for American agriculture and industry to export products of factory and farm. Sharp declines in such exports already manifest may become even more severe, for the high level hitherto has been possible only through economic aid, now finished, and receipts from off-shore procurements which are only temporary.

4. The adverse political and psychological effects of U.S. trade barriers should not be underemphasized. Communist propaganda claims that U.S. trade discrimination aggravates unemployment in many Italian industries. And, fighting against the defense program, the Communists charge the Americans will "use" Italian soldiers but not take Italian products. However vicious and unjustified such attacks may be, they have powerful

¹ BULLETIN of Apr. 19, 1954, p. 602.

appeal to the unemployed or partially employed. The Government finds it increasingly difficult to counter such charges and to resist growing sentiment for a considerable expansion of trade with the iron curtain countries.

5. The principal problems confronting Italian exports to the U.S. are these:

(a) *Tariffs*—These are particularly burdensome to Italy because the highest U.S. tariffs are on handicrafts and agricultural products which are traditional Italian exports. Particularly as regards handicrafts, U.S. duties often curtail imports without increasing U.S. production, for these products are desired for their artistic qualities not yet duplicated in the U.S.

(b) *Uncertainty of U.S. Policies*—The short life of the Reciprocal Trade Agreements Act, Escape Clause proceedings, variable administration of the Buy American Act, obscurities of Customs classification and valuation, and other problems, plague international traders often making it imprudent to undertake expensive and durable sales efforts.

(c) *Buy American Legislation*—The severe discrimination practiced by the Government itself harms international relations. The degree of discrimination also varies greatly from one agency to another, which only exaggerates the problem. Inconsistent and varying administration of the Buy American preference perhaps distracts from trade as much as the legislation itself.

(d) *Export Subsidies*—The export subsidies on certain U. S. agricultural products causes grave hardship for certain Italian products in third markets. Thus, products from California often displace traditional Italian products in third markets such as Switzerland.

(e) *Anti-Dumping Measures*—Serious harm was caused Italian industry by the mere filing of an allegation of suspicion of dumping. Imports were virtually suspended until, after great delay, the charge was found unwarranted.

(f) *Escape Clause Procedures*—Time after time, moderately successful Italian exports have been quickly confronted by Escape Clause proceedings. Repeatedly it has been demonstrated that the claims of injury alleged by American industry have had no substance. But the procedures disrupted trade because of the uncertainty they create.

6. The recommendations of the Randall Commission² and of the President in his message to Congress would represent progress toward diminishing trade tensions between the U. S. and Italy. Failing adoption of the major part of these recommendations, Italy would need to reappraise most carefully the future of trade with the U. S. Because dollar earnings would not be likely to increase and might well fall, further cuts in dollar imports would be necessary. The necessity to export elsewhere, anywhere, would further increase. Reappraisal of the policy of liberalization of trade in Europe would also be in order; Italy cannot continue losing dollars through ERT so long as dollar earnings are inadequate. The advent of currency convertibility would become remote. In-

vestment programs, the key to job opportunities, defense and agricultural reform programs might well also face curtailment for they require substantial imports including dollar imports. These are only some of the consequences of an inadequate level of trade between Italy and the U. S.

7. The President summed this up well in his speech of March 30.

"Unless we are prepared to adopt the policies I have recommended to expand export and import trade and increase the flow of our capital into foreign investment, our friends abroad may be discouraged in their effort to re-establish a free market for their currencies. If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

"For our own economic growth we must have continuously expanding world markets; for our security we require that our allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country."

Defense Support Aid to Italy

The Foreign Operations Administration on February 11 allotted \$15,520,000 in mutual security funds to Italy in support of the nation's long-standing efforts to build up the economy of its underdeveloped southern areas. The allotment was announced simultaneously at Washington and at Rome.

The allotment was made after an exchange of letters between U.S. Ambassador Clare Boothe Luce and Prime Minister Mario Scelba at Rome, concluding negotiations over the past several months between the two Governments.

The \$15,520,000 defense support aid will be used by Italy to finance imports of cotton from the United States under section 402 of the Mutual Security Act of 1954. This section provides that at least \$350 million of mutual security appropriations shall be used to finance sales of surplus U.S. agricultural commodities for foreign currencies. The foreign currency proceeds are used for purposes consistent with the Mutual Security Act.

The lira proceeds of the \$15,520,000 worth of cotton to be paid by Italian purchasers will be used by the Italian Government to build roads and other productive public works basic to the development of southern Italy. These projects, bolstering a development program for southern Italy launched by the Italian Government in 1950, are expected to create new employment in this important area.

For the long term, the construction of produc-

² *Ibid.*, Feb. 8, 1954, p. 187.

tive public works should also help to attract increased investment from both within and outside Italy to this underdeveloped area.

The defense support agreement, in promoting public works in southern Italy, supplements an earlier agreement concluded in June 1954, when the Foreign Operations Administration allotted \$20 million, the counterpart of which is used as a revolving industrial loan fund designed to speed up the development of industries in the Mezzogiorno (south) and insular areas.

Italy has already made a major effort for the revitalization of this area, comprising about one-third of the country's area and population. Italy's efforts have been channeled through the Cassa per il Mezzogiorno (Fund for the South), a public agency established to carry out a broad program of action in such fields as land reclamation, irrigation, and conservation and for development of roads, railways, aqueducts, and sewers. The Cassa's average annual budget is equivalent to \$175 million.

Complementing loan operations already started under Italian Government sponsorship in addition to the basic Cassa program, the U.S.-generated fund will stimulate small and medium-sized enterprises, particularly in industrial fields new to the under-industrialized areas.

Letters were also exchanged by the two officials confirming an understanding previously reached between representatives of the U.S. and Italian Governments for the continuing use of a Trieste counterpart lira industrial loan fund. This fund, a revolving one, was originally generated by some \$37.5 million in U.S. Marshall plan aid given to Trieste between 1948 and 1952.

Under the February 11 agreement as outstanding loans are repaid into the fund, new loans will continue to be made on a medium and long-term basis at an annual interest rate of 5½ percent.

India To Purchase Heavy Water for Research Reactor

Chairman Lewis L. Strauss of the U.S. Atomic Energy Commission announced on February 12 that the Commission has agreed to the request of the Government of India for the sale to that country of 10 tons of heavy water, to be used in a research reactor to be located near Bombay, India.

"I hope the sale of this heavy water to India is only a first important step in a broader collaboration in this field," Chairman Strauss said. "It is in keeping with the program of the United States in developing arrangements with friendly nations to promote the peaceful uses of atomic energy as announced by President Eisenhower in his United Nations speech."

Research reactors are an essential instrument for the training of scientists in reactor technology and, in addition, develop good neutron fluxes for nuclear experiments. These machines also make readily available isotopes for use in research, agriculture, medicine, and industry.

Final Law for Deconcentration of IG Farben Published¹

In agreement with the Federal Government, the Allied High Commission has published a law and several regulations and orders which, while providing for carrying through the completion of the liquidation program, restore the powers of the general meeting of IG Farben AG, so that the Allied control of the liquidation can be terminated.

The carrying out of these measures will complete the deconcentration of the IG Farbenindustrie AG.

Concerning the satisfaction of shareholders, the Allied High Commission announced, with press release No. 481 of March 20, 1953, that in agreement with the Federal Government the stockholders of the IG Farbenindustrie AGiL would receive for their shares the following assets:

- (1) the shares of the following five successor companies:
 - the Badische Anilin and Sodafabrik AG
 - the Farbenfabriken Bayer AG
 - the Farbwerke Hoechst AG
 - the Cassella Farbwerke Mainkur AG
 - the 74% participation of IG Farben in Chemische Werke Huels GmbH
- (2) shares of the Rheinische Stahlwerke in the total nominal value of RM 70 million;
- (3) the net liquidation proceeds after deduction of the DM 135 million allocated by order No. 74 to the first three of the companies listed under (1).

Distribution of the BASF, Bayer, Hoechst and Cassella shares to the shareholders has practically

¹Released to the press at Bonn on Feb. 3 by the Allied High Commission for Germany.

been completed; their nominal value totals DM 1,047.6 million.

The total amount of the Rheinstahl shares to be distributed to the shareholders has been reduced to RM 68 million to facilitate the distribution; the proceeds from the sale of the remaining RM 2 million shares, however, will be distributed to the shareholders in accordance with Article 3 of Order No. 74 when the progress of the liquidation permits. Distribution of the RM 68 million shares of the Rheinische Stahlwerke is in process.

Of IG Farben's participation in Chemische Werke Huels GmbH, 24 percent of the total shares have been sold, and the proceeds transferred, together with Farben's remaining shares, representing 50 percent of the share capital, to a holding company, Chemie Verwaltung AG. This company has been formed with a nominal capital of DM 81.6 million.

In view of disputed liabilities of IG Farbenindustrie AGiL the liquidators have stressed that before the exact amount of the liabilities is established, any further distribution of assets would be at variance with the corporation law.

The Federal Government has agreed to this view.

Upon request of the liquidators and the Federal Government, the High Commission has therefore decided to defer, for the time being, the distribution of the shares of the Chemie Verwaltung AG. These shares will remain, together with the dividends payable thereon, in the hands of trustees until the liquidators, taking into account the amount of the claims against the liquidation estate, consider their distribution under German law possible. These shares will be transferred to the liquidators for sale only if and insofar as the assets in their hands do not suffice to cover all liabilities.

Insofar as the satisfaction of creditors is concerned, one of the new regulations contains special provisions for the event that the liquid funds available to the liquidators should at any time not suffice to cover the claims due. In this case, quotas payable semiannually will be established under the control of a Treuhandgesellschaft and of a creditors' committee consisting of three members, one of which to be appointed by the president of the Court of Appeals in Frankfurt, one by the president of the Chamber of Commerce and Industry in Frankfurt, and one by the president of the Auditors' Chamber of the Land Hesse.

TREATY INFORMATION

Agreement With Germany for Sale of Feed Grains

Press release 91 dated February 18

The Department of State concluded an agreement on February 18 with the Federal Republic of Germany for the sale of 5 million dollars' worth of feed grain to the Federal Republic. The grain will be drawn from Commodity Credit Corporation stocks and priced at the prevailing export price. Sales will be made through U.S. private trade channels.

Payment is to be made in German currency, which is to be used by the Department of Defense for the purchase in Germany of materials for the construction of bases in Spain.

The agreement was signed by Livingston T. Merchant, Assistant Secretary of State for European Affairs, for the United States, and Dr. Georg Vogel, Chief of the German Mission to the Foreign Operations Administration, for the Federal Republic of Germany. It was negotiated by representatives of the Departments of State and Agriculture and the German Mission to the Foreign Operations Administration.

Text of Agreement

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY FOR THE SALE OF FEED GRAIN AND THE PURCHASE OF BUILDING MATERIALS FOR UNITED STATES DEFENSE PURPOSES

The Governments of the United States of America and the Federal Republic of Germany agree as follows:

1. The United States will authorize the sale of approximately five million dollars worth of feed grain to the Federal Republic of Germany with payment in Deutschemarks.
2. The sales will be made through United States private trade channels and the feed grain will be priced at the prevailing export price.
3. The feed grain will be sold to German buyers f. o. b. vessel United States ports. Where United States flag vessels are used in shipping the grain

the dollar cost will be for account of the Federal Republic of Germany, but the United States will rebate to Germany an amount of Deutschmarks equivalent to the differential between the United States flag and foreign flag rates on such quantity, not in excess of 55 percent of the total, as is shipped on United States flag vessels. After completion of the feed grain imports the differential will be determined by comparing the actual freight costs paid for shipments on United States flag vessels and those prevailing for like shipments on foreign flag vessels.

4. The net purchase price shall be paid in Deutschmarks to the United States Disbursing Officer in Germany at the time the feed grain is delivered to German buyers. An exchange rate of 4.2 Deutschmarks to the dollar shall be used in making such deposits and in making any contract adjustments, or any rebates which are necessary because of the flag differential. The Deutschmarks in this account will be used solely by the United States Government for purchases in the Federal Republic of Germany of materials for the construction of United States military, air, and naval bases in Spain. The United States Government will expect to purchase such materials c. i. f. Spanish ports.

5. For the materials to be purchased by the United States from the Federal Republic of Germany under this agreement and exported by German firms, the tax privileges will be granted which are provided for exports according to the German law, especially tax exemptions and tax refunds concerning turnover taxes, custom duties, consumer taxes, and monopoly taxes.

6. The Government of the Federal Republic of Germany will use its good offices to encourage its suppliers to furnish materials supplied under this program at competitive prices.

7. The feed grain shall be purchased for shipment prior to May 15, 1955.

8. This agreement shall take effect upon signature by representatives of the two governments.

Done at Washington in duplicate this 18th day of February 1955.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

LIVINGSTON T. MERCHANT

FOR THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY:

G. VOGEL

Current Actions

MULTILATERAL

Narcotic Drugs

Protocol for limiting and regulating the cultivation of the poppy plant, the production of, international and wholesale trade in, and use of opium. Dated at New York June 23, 1953.¹

Ratification deposited: United States, February 18, 1955.

Accession deposited: Australia (applicable to the territories of Papua and Norfolk Island and to the Trust Territories of New Guinea and Nauru), January 13, 1955.

Southeast Asia Defense Treaty

Southeast Asia collective defense treaty, and protocol. Signed at Manila September 8, 1954. Ratified by the President February 4, 1955.

Ratifications deposited: February 19, 1955, by the United States, Australia, France, New Zealand, Pakistan, the Philippines, and the United Kingdom of Great Britain and Northern Ireland.

Entered into force: February 19, 1955, for the United States, Australia, France, New Zealand, Pakistan, the Philippines, Thailand, and the United Kingdom of Great Britain and Northern Ireland.

Trade

Third protocol of rectifications and modifications to the texts of the schedules to the General Agreement on Tariffs and Trade (TIAS 1700). Done at Geneva October 24, 1953.¹

Signature: Brazil, January 7, 1955.

BILATERAL

Germany

Agreement for the sale of feed grain and the purchase of building materials for United States defense purposes. Signed at Washington February 18, 1955. Entered into force February 18, 1955.

Ireland

Agreement governing the disposition of the balance in the counterpart special account. Signed at Dublin June 17, 1954. Congressional approval given in sec. 417 of the Mutual Security Act of 1954 (P. L. 665, 83d Cong.; 68 Stat. 832).

Entered into force: February 16, 1955 (date of exchange of notifications of approval of present agreement by both Governments).

Netherlands

Agreement establishing an air defense technical center with cost reimbursement contract attached. Effected by exchange of notes at The Hague December 14, 1954.

Entered into force: December 14, 1954 (in accordance with Netherlands constitutional procedures).

Peru

Agreement regarding surplus agricultural commodities. Signed at Lima February 7, 1955. Entered into force February 7, 1955.

¹Not in force.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings¹

Adjourned During February 1955

| | | |
|--|-----------------------------|----------------|
| WHO Executive Board: 15th Meeting | Geneva | Jan. 18-Feb. 4 |
| Wmo Regional Association for Asia: 1st Session | New Delhi | Feb. 2-14 |
| 10th Pan American Child Congress | Panama City | Feb. 6-12 |
| Ilo Chemical Industries Committee: 4th Session | Geneva | Feb. 7-19 |
| U. N. Ecosoc Transport and Communications Commission: 7th Session | New York | Feb. 7-18 |
| U. N. Regional Cartographic Conference for Asia and the Far East | Mussoorie (India) | Feb. 15-28 |
| WHO International Conference for the 7th Revision of the International Lists of Diseases and Causes of Death. | Paris | Feb. 21-26 |
| Manila Pact Foreign Ministers Meeting (Southeast Asia Collective De- fense Treaty). | Bangkok | Feb. 23-25 |
| U. N. Ecosoc Committee on Non-Governmental Organizations. | New York. | Feb. 23-25 |

In Session as of February 28, 1955

| | | |
|---|-----------------------|----------|
| GATT: 9th Session of the Contracting Parties | Geneva | Oct. 28- |
| U. N. Trusteeship Council: Standing Committee on Petitions | New York | Jan. 10- |
| U. N. Trusteeship Council: 15th Session | New York | Jan. 25- |
| ICAO Council: 24th Session | Montreal | Jan. 25- |
| ICAO Air Navigation Commission: 18th Session | Montreal | Jan. 25- |
| ICAO Air Transport Committee: 24th Session | Montreal | Jan. 26- |
| GATT Tariff Negotiations with Japan | Geneva | Feb. 21- |
| Pan American Highway Congress: 1st Session of Permanent Executive Committee. | México, D. F. | Feb. 21- |
| ILO Governing Body: 128th Session (and Committees) | Geneva | Feb. 21- |
| U. N. Disarmament Commission: Subcommittee of Five | London. | Feb. 25- |

Scheduled March 1-May 31, 1955

| | | |
|--|--------------------------|----------|
| Frankfort International Fair | Frankfort. | Mar. 6- |
| FAO Working Party on Olive Oil | Rome | Mar. 7- |
| UNICEF Executive Board and Program Committee | New York | Mar. 7- |
| 12th Textile Conference and Industrial Exhibition | Calcutta | Mar. 8- |
| 57th Verona Agricultural Fair | Verona (Italy) | Mar. 13- |
| FAO Working Party on Calculation of Future Scales of Contributions | Rome | Mar. 14- |
| U.N. Economic Commission for Europe: 10th Session | Geneva | Mar. 14- |
| U.N. Ecosoc Population Commission: 8th Session | New York | Mar. 14- |
| U.N. Ecosoc Commission on Status of Women: 9th Session | New York | Mar. 14- |
| U.N. ECAFE Committee on Industry and Trade: 7th Session | Tokyo | Mar. 15- |
| Inter-American Conference on Social Security: 5th Session | Caracas. | Mar. 16- |
| Working Party on Draft Convention for the Protection of Performing Ar- tists, Manufacturers of Phonograph Records, and Broadcasting Or- ganizations. | Paris | Mar. 17- |
| UNESCO Executive Board | Paris | Mar. 21- |
| ITU International Radio Consultative Committee (CCIR): Study Group I | Brussels | Mar. 22- |
| ITU International Radio Consultative Committee (CCIR): Study Group XI. | Brussels | Mar. 22- |
| U.N. Economic Commission for Asia and the Far East: 11th Session | Tokyo | Mar. 28- |
| U.N. Economic and Social Council: 19th Session | New York | Mar. 29- |
| U.N. Ecosoc Commission on Human Rights: 11th Session. | Geneva | Apr. 5- |
| FAO Asia-Pacific Forestry Commission: 3d Session | Tokyo | Apr. 9- |
| FAO Meeting on Desert Locust Control | Rome | Apr. 12- |
| International Union of Biological Sciences: 12th General Assembly | Rome | Apr. 12- |

¹ Prepared in the Office of International Conferences, Feb. 24, 1955. Asterisks indicate tentative dates and places. Following is a list of abbreviations: WHO, World Health Organization; Wmo, World Meteorological Organization; ILO, International Labor Organization; U.N., United Nations; Ecosoc, Economic and Social Council; GATT, General Agreement on Tariffs and Trade; ICAO, International Civil Aviation Organization; FAO, Food and Agriculture Organization; UNICEF, United Nations Children's Fund; ECAFE, Economic Commission for Asia and the Far East; UNESCO, United Nations Educational, Scientific and Cultural Organization; ITU, International Telecommunication Union; CCIR, International Radio Consultative Committee (Comité consultatif internationale des radio communications); ICEM, Inter-governmental Committee for European Migration; PASO, Pan American Sanitary Organization; NATO, North Atlantic Treaty Organization.

Calendar of Meetings—Continued

Scheduled March 1—May 31, 1955—Continued

| | | |
|--|-------------------------|----------|
| ICAO Legal Committee: Subcommittee on Negotiability of the Airway Bill. | Madrid | Apr. 12- |
| WMO Executive Committee: 6th Session | Geneva | Apr. 12- |
| 22d International Milan Samples Fair | Milan | Apr. 12- |
| World Meteorological Organization: 2d Session | Geneva | Apr. 14- |
| U.N. Trusteeship Council, Committee on Information from Non-Self-Governing Territories: 6th Session. | New York | Apr. 15- |
| FAO: 3d Inter-American Meeting on Livestock Production | Buenos Aires | Apr. 18- |
| U.N. International Technical Conference on the Conservation of the Living Resources of the Sea. | Rome | Apr. 18- |
| U.N. Ecosoc Commission on Narcotic Drugs: 10th Session | New York | Apr. 18- |
| ICEM Executive Committee: 2d Session | Geneva | Apr. 20- |
| 7th Liège International Trade Fair | Liège | Apr. 23- |
| ITU Administrative Council: 10th Session | Geneva | Apr. 23- |
| ICAO: Medical Experts on Hearing and Visual Requirements for Aviation Personnel Licenses. | Paris | Apr. 25- |
| Paso Executive Committee: 25th Meeting | México, D. F. | Apr. 25- |
| ILO Petroleum Committee: 5th Session | Caracas | Apr. 25- |
| 8th International Cannes Film Festival | Cannes | Apr. 26- |
| ICEM Council: 2d Session | Geneva | Apr. 27- |
| NATO: Ministerial Meeting of the Council | Athens* | April- |
| Inter-American Indian Institute: Meeting of Governing Board | México, D. F. | April- |
| British Industries Fair | London | May 2- |
| U. N. Ecosoc Social Commission: 10th Session | New York | May 2- |
| U. N. International Law Commission: 7th Session | Geneva | May 2- |
| WMO Executive Committee: 7th Session | Geneva | May 3- |
| Caribbean Commission: 6th Session of West Indian Conference | San Juan | May 4- |
| Japan International Trade Fair | Tokyo | May 5- |
| Caribbean Commission: 20th Meeting | San Juan | May 7- |
| World Health Organization: 8th Assembly | México, D. F. | May 10- |
| U. N. Economic and Social Council: Resumed 19th Session | New York | May 16- |
| Inter-American Commission of Women: 10th General Assembly | San Juan | May 17- |
| FAO Commodity Problems Committee: 25th Session | Rome | May 20- |
| ILO Governing Body: 129th Session | Geneva | May 23- |
| International Sports Exhibition | Turin (Italy) | May 24- |
| Canadian International Trade Fair | Toronto | May 30- |
| International Civil Aviation Organization: 9th Session of the Assembly | Montreal | May 31- |
| 5th Congress on Large Dams | Paris | May 31- |
| U. N. Economic Commission for Latin America: Committee of the Whole | Santiago | May- |
| U. N. High Commissioner's Advisory Committee on Refugees: 6th Session | Geneva | May- |

Allied Military Government Makes Final Report on Trieste

The U.S. and U.K. representatives to the United Nations on January 25 transmitted to the president of the Security Council the final report on that portion of the Trieste area which until October 26, 1954, was under joint U.S.-U.K. military administration.¹ The report, prepared by Maj. Gen. Sir John Winterton, commander of the zone, covers the period January 1-December 31, 1953. Printed below is the introductory section, entitled "General Review."

This report, my third and the thirteenth in the series, deals with the administration of the British-United States Zone of the Free Territory of Trieste for the year 1953.² This was the first

full year in which the Italian functionaries appointed under the London Memorandum of Understanding of May 1952 were responsible to me for a large part of the internal administration of the Zone.

The most important event of the year was the announcement by the United States and United Kingdom Governments on 8 October of their intention to withdraw Allied Military Government and the British-United States Forces in the near future, and to relinquish the administration of the Zone to the Italian Government. The carrying out of this decision was, however, postponed as the result of international developments which are outside the scope of this report.

This event caused a feeling of uncertainty both

¹ U.N. doc. S/3353 dated Jan. 26.

² For text of General Winterton's second report, covering 1952, see BULLETIN of Jan. 25, 1954, p. 124.

economically and politically. During October and November business activity declined and there were fairly heavy withdrawals from the banks. During December, however, confidence was restored and by the end of the year the situation had largely returned to normal.

There was little immediate political reaction to the 8 October announcement but, when it became apparent that it was not to be carried into effect at once, disturbances were fomented by extremist elements which resulted in serious rioting on 5 and 6 November, during which six civilians were killed.

Notwithstanding the decline in some commercial sectors during the last quarter of the year, I am pleased to report that there was a slight increase in the general production index over the year as a whole. The index, however, refers only to the main industries which, in many cases, as in previous years, benefitted from substantial Government loans.

The Zone's smaller shipbuilding yards experienced a successful year, but lack of new orders, especially for large passenger carrying vessels, resulted in the United Adriatic Shipyards working well under capacity. Consultations were started with the Italian Government with a view to remedying this situation.

The volume of commercial traffic through the Port of Trieste declined by nearly 25 per cent over the year as compared with 1952, which was an exceptionally good year. This was due to a combination of circumstances, among them the competition of the North Sea Ports and the reduction of shipments to Austria under the Mutual Security Programme. The political uncertainty already referred to also played its part.

Development of the Zaule Industrial Area continued. There were thirty industrial plants operating, or in course of completion, in this area at the end of the year as compared with twenty-six in 1952.

Unemployment increased towards the end of the year principally as a result of the dismissal of a large number of civilian employees of the Allied Forces following the announcement of 8 October and the evacuation of Allied dependents. Appropriate measures were taken by the Allied Military Government to alleviate the situation.

The residue of ERP dollars was converted early in the year into lire by arrangement with the MSA

Special Mission to Italy. Necessary imports from the United States were consequently paid for with dollars provided by the Italian Government. Full use was again made of the ERP Loan Repayment Fund in the granting of loans to industry.

The budgetary deficit which was met by the Italian Government was some 1,750 million lire greater than in 1952. This was principally due to increased administrative expenditure occasioned by pay increases awarded during the year to both statal and local government employees.

Great importance was again given to the housing programme, under which 1,067 apartments were completed, bringing the total constructed wholly, or in the main, with public funds since 1946 to 5,536. 1,789 apartments were under construction at the end of the year.

The population of the Zone's Displaced Persons Camps fell from 3,924 on 31 December 1952 to 3,599 on 31 December 1953. Arrivals totalled 1,929 and departures 2,254. A particularly gratifying transfer was that of 99 active tubercular cases to sanatoria in Switzerland. I am most grateful to the Swiss and French Governments for their co-operation in this move, and to the Intergovernmental Committee for European Migration, to the United States Escapee Programme and to the Voluntary Relief Agencies, whose efforts contributed to the resettlement of a large number of displaced persons during the year.

Though it comes outside the period covered by this report, I cannot conclude this introduction without referring to the Memorandum of Understanding concerning practical arrangements for the Free Territory of Trieste which was initialled in London on 5 October 1954 by representatives of the Governments of the United States, the United Kingdom, Italy and Yugoslavia, after eight months of patient negotiation.³

As the texts of this Memorandum and accompanying documents have already been communicated to the Security Council of the United Nations by the four Governments concerned, I need do no more here than record that it envisages the withdrawal of Allied Military Government and the British-United States Forces from this Zone within a period of one month, and for the relinquishment of the administration to the Italian

³ *Ibid.*, Oct. 18, 1954, p. 555 For a report on the implementation of the Oct. 5 agreement, see *ibid.*, Feb. 7, 1955, p. 235.

Government. I shall, therefore, be the last Allied Commander in this Zone and this will be the last report on its administration by Allied Military Government. It gives me great satisfaction to know that a settlement of the Trieste problem has now been reached by agreement between Italy and Yugoslavia.

6 OCTOBER 1954

U. S. Delegations to International Conferences

Contracting Parties to GATT

The Department of State announced on February 21 (press release 97) that tariff negotiations involving Japan and certain other negotiations with contracting parties to the General Agreement on Tariffs and Trade had begun that day at Geneva, Switzerland.

The chairman of the U.S. delegation to the negotiations is Samuel C. Waugh, Assistant Secretary of State for Economic Affairs. Vice chairmen are Carl D. Corse, Chief, Trade Agreements and Treaties Division, Office of International Trade and Resources, Department of State, and Woodbury Willoughby, Counselor of Embassy and Director, Economics Division, American Embassy, Vienna, Austria.

Other members of the delegation are:

J. Mark Albertson, Chief, Ceramics Division, U.S. Tariff Commission
Wilhelm Anderson, Foreign Agricultural Service, Department of Agriculture
Philip Arnow, Associate Director, Office of International Labor Affairs, Department of Labor
Joseph A. Camello, Far Eastern Division, Bureau of Foreign Commerce, Department of Commerce
John J. Czyzak, Office of the Assistant Legal Adviser for Economic Affairs, Department of State
Prentice N. Dean, Office of International Security Affairs, Department of Defense
William T. Diroll, Trade Agreements and Treaties Division, Department of State
Morris J. Fields, Office of International Finance, Department of the Treasury
Sidney N. Gubin, Commodity Stabilization Service, Department of Agriculture

William E. Haines, Business and Defense Services Administration, Department of Commerce
Robert W. Hamerschlag, European Division, Bureau of Foreign Commerce, Department of Commerce
G. Patrick Henry, Economics Division, U.S. Tariff Commission
Katharine Jacobson, Office of Trade, Investment and Monetary Affairs, Foreign Operations Administration
William R. Johnson, Special Assistant to the Commissioner of Customs, Department of the Treasury
Selma G. Kallis, Trade Agreements and Treaties Division, Department of State
Paul Kaplowitz, General Counsel, U.S. Tariff Commission
John M. Kennedy, First Secretary, American Embassy, Rome
Riley H. Kirby, Foreign Agricultural Service, Department of Agriculture
Daniel M. Lyons, Office of Western European Affairs, Department of State
Harold P. Macgowan, Adviser on Trade Agreements Policy, Bureau of Foreign Commerce, Department of Commerce
Antonio J. Macone, International Resources Division, Department of State
Horace B. McCoy, Deputy Administrator, Business and Defense Services Administration, Department of Commerce
M. Margaret McCoy, Trade Agreements and Treaties Division, Department of State
William F. McRory, Trade Agreements and Treaties Division, Department of State
Vernon L. Phelps, Economic Officer, American Embassy, Tokyo
Anthony J. Poirier, American Republics Division, Bureau of Foreign Commerce, Department of Commerce
Margaret H. Potter, Trade Agreements and Treaties Division, Department of State
Louise M. Rovner, Economics Division, U.S. Tariff Commission
C. Thayer White, Office of Northeast Asian Affairs, Department of State
Frances M. Wilson, Bureau of Economic Affairs, Department of State

The items to be considered during the negotiations will be acted upon by the U.S. delegation in accordance with the recommendations of the Interdepartmental Trade Agreements Committee, as approved by the President. The committee includes members designated by the Secretaries of State, Treasury, Defense, Agriculture, Commerce, Labor, and Interior and the Director of the Foreign Operations Administration to represent their respective agencies. In addition the committee includes a member of the U.S. Tariff Commission.

Promoting the Movement of Migrants From Europe

EIGHTH SESSION OF THE INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION FIRST SESSIONS OF THE ICEM COUNCIL AND EXECUTIVE COMMITTEE

by George L. Warren

The Intergovernmental Committee for European Migration (ICEM), established on United States initiative at Brussels in 1951 to facilitate migration from Europe, had met in seven previous sessions at Brussels, Washington, Venice, and Geneva.¹

The eighth session of the Migration Committee was convened at Geneva on November 30, 1954, and adjourned on the same date to be followed by the first session of the Council of the Committee established under the constitution which came into force on that date. The first session of the Council took place at Geneva from November 30 through December 4, 1954. The Executive Committee held one meeting on December 4. The *ad hoc* Subcommittee on Draft Rules and Regulations met from November 22 through November 24, completed its task, and was dissolved. The Subcommittee on Finance met from November 25 through November 27 and again on November 29 and was also dissolved. Its functions are to be taken over by the newly created Executive Committee.

The 22 member governments participating in the eighth session were:

| | |
|------------------|---------------|
| Argentina | Greece |
| Australia | Israel |
| Austria | Italy |
| Belgium | Luxembourg |
| Canada | Netherlands |
| Chile | Norway |
| Colombia | Sweden |
| Costa Rica | Switzerland |
| Denmark | United States |
| France | of America |
| Federal Republic | Uruguay |
| of Germany | Venezuela |

Brazil and Paraguay, members, were not represented at the session.

The United Kingdom, Spain, Ecuador, Panama, the Federation of Rhodesia and Nyasaland, and the Holy See were represented as observers. The United Nations, the United Nations High Commissioner for Refugees, International Labor Organization, Food and Agriculture Organization, UNESCO, the Council of Europe, and nongovernmental and voluntary agencies interested in migration were also represented as observers.

The *ad hoc* Subcommittee on Draft Rules and Regulations completed the drafting of staff regulations by incorporating provision for a new salary system based on the United Nations system and on a reappraisal of staff positions presented by the Director. The new system eliminates non-resident allowances at the headquarters in Geneva, but retains provision for family and educational allowances for children. The Subcommittee also completed the drafting of financial regulations. Both staff and financial regulations were adopted later by the Council.

Estimated 1954 Total Exceeded

The Subcommittee on Finance, comprising Australia, Canada, France, Germany, Italy, the Netherlands, and the United States, considered the revision of the plan of expenditure for 1954 and found that a total of approximately 120,000 persons would be moved by the end of 1954. This

¹ For articles on the Committee's previous sessions, see BULLETIN of Feb. 4, 1952, p. 169; Apr. 21, 1952, p. 638; July 21, 1952, p. 107; Jan. 12, 1953, p. 64; June 22, 1953, p. 879; Jan. 4, 1954, p. 26; and June 28, 1954, p. 994.

total for the first time exceeds the Committee's estimate—118,400—made in April 1954.

The deficit resulting from operations of \$2,500,000 anticipated at the previous session did not develop. In contrast it was estimated that \$2,702,680 in funds would remain available for operations in 1955. This favorable outcome resulted from additional contributions from governments, more fully reimbursable movements than were anticipated at the previous session, increased payments by migrants toward the costs of their transportation, lower movements from the Far East, and the release of certain reserve funds no longer required for the original purpose.

Nonetheless the Subcommittee noted that the Committee had experienced during 1954 a deficit in income of approximately \$3,300,000 in that it had started the year with a carryover from 1953 of \$6,011,650 and ended the year with a carryover of \$2,702,680. This development indicated the need for achieving better estimates of income and expenditure at the beginning of the year and for keeping expenditures within the limits of foreseeable income. It was also obvious that, if movements are to increase, governments will have to increase their contributions correspondingly or other new sources of income will have to be developed.

Consideration of the budget and plan of expenditure for 1955 resulted in a final estimate of movement of 143,320. After close study of the Director's estimates and reductions in certain items, notably technical services, the Subcommittee recommended a total budget of \$46,533,428, of which \$44,027,211 was for operations and \$2,506,217 for administration. The budget for administrative expenditure was examined very carefully and the Director's estimates were finally accepted. These included provision for 110 officials and 115 employees at headquarters in Geneva and 154 employees in the field, an overall staff increase, compared to the number presently employed, of 39. The Subcommittee was finally convinced that this increase was justified by the higher movement estimated. In addition to the 379 staff positions covered by the administrative budget, 24 officials and 306 employees are included in the budget of operations. Thus a total of 134 officials and 575 employees, 709 in all, was authorized for 1955. The achievement of the 1955 budget will require the raising of \$2,097,895 in funds beyond the income listed in the budget. Negotiations with govern-

ments to secure the additional income were initiated during the eighth session.

The Subcommittee also gave preliminary consideration to the budget submission for 1956 containing an estimate of movement of 174,350 and totaling \$54,736,618, \$52,191,111 for operations and \$2,545,507 for administration. No commitments were made by any member government with respect to the 1956 budget, which was referred for action to the fall session of the Council in 1955. After the presentation of its report and recommendations to the Council, the Subcommittee on Finance concluded its activities.

Constitution in Force

The eighth session of the Committee was convened solely for the purpose of declaring the constitution in force on the basis of the acceptances received from 16 governments and the fulfillment of certain other required conditions. The 16 governments which have accepted the constitution are: Argentina, Australia, Austria, Canada, Chile, Denmark, Germany, Greece, Israel, Italy, the Netherlands, Norway, Paraguay, Sweden, Switzerland, and the United States.

Immediately upon adjournment of the eighth session, the Council, consisting of the 24 member governments, was convened in its first session. The Council adopted the rules of procedure and the staff and financial regulations which had been previously accepted in draft form. It re-elected Hugh Gibson as Director² and Pierre Jacobsen as Deputy Director, and established the powers of the Director.

John McEwen, Australian Minister for Commerce and Agriculture; Oscar Helmer, Austrian Minister of the Interior; Francesco Maria Dominico, Italian Under Secretary of State for Foreign Affairs; and Achilles Yerocostopoulos, Greek Minister of National Education, addressed the Council during the session. Representatives Chauncey W. Reed and Ben F. Jensen, and Mrs. Dorothy D. Houghton, Alternate U.S. Representatives, also addressed the Council. Judge Reed on the coming into force of the constitution, Mr. Jensen on the financial affairs of the Committee,

² Mr. Gibson died of a heart attack at Geneva on Dec. 12, 1954. He had served the United States with distinction in many diplomatic posts prior to his first election as Director of the Migration Committee in July 1952. His functions have been assumed by Mr. Jacobsen, the Deputy Director, pending the election of Mr. Gibson's successor.

and Mrs. Houghton on the relationship of the U.S. technical assistance program to the activities of the Committee in the promotion of land settlement projects in Latin America. Frank W. Fletcher, Adviser to the U.S. Representative and a public member of the U.S. delegation, addressed the Council briefly at the last meeting.

In presenting his report the Director referred to the achievement in bringing the constitution into force and to the high volume of movement in 1954. He repeated the hope expressed at the last session that annual movements might be increased to 250,000. He attributed the increasing volume of movement to better planning by the immigration countries and to the growing effectiveness of the migration services supplied by the Committee. The Director expressed his conviction as to the necessity for more intensive efforts in the planning of land settlements in Latin America and suggested that a conference of governments be held early in 1955 on land settlement. Mr. Gibson proposed to consult with the concerned governments with respect to the objectives and agenda of such a conference. Progress had been made in encouraging migrants to contribute part of the costs of their transportation, but planning in this area had not been completed and negotiations on the problem with governments were still in process.

On the basis of the response to the appeal for contributions to the cash reserve fund, Mr. Gibson expressed the hope that the full amount of the fund would be realized in 1955. He reported indications of contributions totaling \$2,366,300 as a result of negotiations that had taken place with government members.

In response to the Director's report the Australian representative indicated the possibility that movement to Australia would continue at the present high level of 35,000 annually. The Canadian representative suggested the possibility that movements to Canada under the auspices of the Committee might decrease because of the increasing availability of commercial shipping on the North Atlantic route.

German Population Problem

The German representative, in commenting on recent statements in the press that Germany was negotiating with Italy for the admission of 500,000 Italian laborers, stated that Germany was ap-

proaching a condition of full employment but that there was still need for emigration from Germany because of the serious imbalance in the structure of the German population. There is a prospective shortage of trained male workers. On the other hand, some 60,000 farm families, comprising more than 250,000 persons, among the German expellees (members of former German minorities in Eastern Europe) are still seeking opportunities in agriculture, and emigration also appears to be the only solution for many females. Elderly persons of both sexes contribute heavily to the imbalance in the German population structure. In summary, the German Government would continue to be an active member of the Committee although the original estimates of the Director of movements from Germany in 1955 and 1956 might have to be reduced by a few thousands.

Australia and the Netherlands expressed some misgivings about the Committee's plans to secure larger contributions from migrants toward the cost of their transportation. The representatives of these countries, together with that of Greece, feared that the requirement of such payments would discourage emigration and create hardships for migrants after arrival in the immigration country. The United States and Italy supported the Deputy Director in his efforts to reassure the Australian and Netherlands representatives on this issue, pointing out that contributions from migrants moved would contribute to the movement of additional migrants.

Response to the Director's suggestion for a conference of governments on land settlement was most favorable on the part of the emigration countries in Europe and the Latin American countries. Argentina offered to be the host for such a conference. The status of plans for land settlement in Argentina, Chile, and Venezuela was discussed at an informal private meeting of representatives, but no formal action on the Director's suggestion for a conference was taken by the Council.

The Council after considering the Director's report on the cash reserve fund decided to adopt certain clarifying amendments to Resolution 70 which established the fund and to the pertinent provisions of the financial regulations. These amendments provided that governments might designate that their contributions would be available for use as a reserve for administrative or for operational expenditure and that undesig-

contributions would be available for either type of expenditure. The cash reserve fund was established at the previous session to insure the maintenance of a liquid cash position at all times.

The recommendations of the Subcommittee on Finance with respect to the budgets and plans of expenditure for 1954 and 1955 were adopted by the Council. In doing so the Council decided to apply the carryover from the administrative expenditure of 1954, \$460,275, to the administrative expenditure for 1955 as had been done in previous years, thus reducing the contribution of each member government to the administrative expenditure for 1955. A revised budget of \$41,384,213 was adopted for 1954, \$2,601,437 for administration and \$38,782,776 for operations. The income to meet this budget appeared assured at the time of the session.

The budget adopted for 1955 was substantially higher, \$46,533,428; \$2,506,217 for administration and \$44,027,211 for operations. The United States representative reported to the Council that the United States contribution of \$10,500,000 would be available for 1955 provided that the estimate of movement of 143,320 was achieved and that the contributions of other governments bore a satisfactory relation to the United States contribution.

The Council noted, but did not discuss at length, the report of the Subcommittee on Finance on the tentative budget submission for 1956. This was passed over for later amendment and adoption at the fall session in 1955.

Executive Committee Elected

As its final action, the Council elected the Executive Committee of nine governments provided for in the constitution. This was not achieved without some jockeying for position. A number of the governments elected, including the Latin American governments, offered to withdraw from membership in the following year to give place to other

governments not elected this year. The governments finally elected were: Argentina, Australia, Canada, France, Germany, Italy, the Netherlands, the United States, and Venezuela. The Executive Committee held one meeting after the session of the Council for the purpose of organization.

Because of the brevity of the eighth session of the Committee the officers of the seventh session remained in office. The following officers were elected to serve at the first session of the Council: Chairman, Hadji Vassiliou (Greece); First Vice Chairman, Luis Gonzalez-Barros (Colombia); Second Vice Chairman, Tyge Haarlov (Denmark); Rapporteur, Avigdor Shoham (Israel).

The United States was represented at the sessions by Scott McLeod, Administrator, Bureau of Inspection, Security and Consular Affairs, Department of State. Alternate representatives were: Christopher Phillips, Deputy Assistant Secretary for International Organization Affairs, Department of State; Chauncey W. Reed and Ben F. Jensen, House of Representatives; and Mrs. Dorothy D. Houghton, Assistant Director for Refugees, Migration and Voluntary Assistance, Foreign Operations Administration. Advisers were: George L. Warren, Adviser on Refugees and Displaced Persons, Department of State; Richard R. Brown, Director, Office of Field Coordination, U.S. Escapee Program, FOA, Frankfort; Frank W. Fletcher, Nashville, Tennessee; William R. Foley, Committee Counsel, House Committee on the Judiciary; Colonel Dayton H. Frost, Chief, Intergovernmental Refugee Program Division, FOA; Walter H. Jones, New Jersey State Senator; Nick Stepanovich, East Chicago, Indiana; and Abba Schwartz, Washington, D. C.

The Council adjourned its first session on December 4, 1954, to meet in the second session about April 27, 1955.

• *Mr. Warren, author of the above article, is Adviser on Refugees and Displaced Persons, Department of State.*

Amending the Foreign Service Act of 1946

Statement by Deputy Under Secretary Henderson¹

My colleagues and I appreciate very much this opportunity to appear before this committee in support of amendments which have been requested by the Secretary of State to the Foreign Service Act of 1946. Mr. Charles E. Saltzman, then Under Secretary of State for Administration, appeared before this committee last July. At that time Mr. Saltzman discussed the background which led the Secretary of State to convene his Public Committee on Personnel in March 1954. He also discussed the views of the Committee on the problems of personnel administration in the Department and the Foreign Service and summarized their principal recommendations. We shall try to avoid undue repetition of that presentation at this time.

During and since the last World War there have taken place, as you are aware, profound changes in the number and complexity of international problems with which our Government must cope. The manner in which we solve these problems is bound to have a deep effect upon the present prosperity and happiness of the American people and upon the future history of our country.

The Department of State and the Foreign Service, in my opinion, have in general met the changing situations in a creditable manner. They have been handicapped to an extent, however, because of certain deficiencies in organization and personnel. Steps have been taken during recent years to improve the Department and the Foreign Service. We have been able to take these steps under the authority of the Foreign Service Act of 1946 and its amendment of 1949. The Hoover Commission in 1949 and the Secretary of State's 1950 Advisory Committee on Personnel made certain recommendations respecting the personnel administration of the Department. Certain shifts have also been made in organization and administrative processes which have strengthened the

Department. Much still remains to be done, however, if the Department and the Service are to be in a position to accomplish what the country has a right to expect of them.

It seems to me that, without further delay, additional measures should be taken to strengthen the Department and the Foreign Service. The Service should have a broader base extending into the Department. Both the Department and the Foreign Service should possess a higher degree of flexibility. They should be prepared to meet new situations without the necessity of resorting to too much improvisation. More attention should be given to the training of Service personnel so that they will be equipped effectively to cope with changing conditions and complex international problems. The Service should be able to attract and retain the best young men and women in the country. If it is successfully to compete with private enterprise or with other governmental agencies for the highest types of American youth, it must be in a position to assure those who enter it unparalleled opportunities for public service.

A career in the Foreign Service by its very character entails certain sacrifices. There is no place in it for those who are looking for a soft life. Much can be done, nevertheless, to alleviate the hardships inherent in it. We should take care that the satisfactions of public service be not dimmed by undue personal financial worries. I hope that, with the cooperation of the Congress, we shall be able within the next few years to achieve a State Department and Foreign Service manned by highly trained and capable personnel prepared to serve in any capacity at any place where in the opinion of their Government they can be the most useful. In this connection I should like to stress that, in spite of certain shortcomings, the Foreign Service, in my opinion, is even now one of the best in the world and one of which we can be proud. I do not believe that it is possible to find anywhere a more devoted, loyal, and able group of men and

¹ Made before the Committee on Foreign Affairs of the House of Representatives on Feb. 17 (press release 88).

women than those who are at present in the Department of State and in the Foreign Service.

The Secretary of State has approved the principal recommendations contained in the report submitted to him by his Public Committee on Personnel last May.² The Secretary has directed that appropriate measures be initiated to put them into effect. Some of the improvements suggested by this Committee can and are being effected within existing budget ceilings and existing legislative authority. Others cannot be put into effect without new legislation.

Members of my staff will discuss these recommendations in some detail. I shall, however, touch briefly on the four basic areas in which we are working today in the State Department in our efforts to carry out the suggestions of the Public Committee.

The Integration Program

First, and perhaps most important, is the simplification of the personnel systems whereby officer personnel of the Department and the Foreign Service who are engaged in the same kind of work will be integrated into a single personnel group—the Foreign Service Officer Corps. This simplification procedure which we usually refer to as the “integration program” should eventually furnish the Department with a highly mobile and flexible group of career officers. At the present time approximately 30 percent of the officer personnel of the Department and of the Foreign Service are members of the Civil Service stationed in Washington not subject to transfer abroad. Integration would make many of these officers and the specialist skills possessed by them available for service at home or abroad as the national interest might dictate. This integration would also open many Foreign Service positions in the Department so that officers in the Foreign Service would have ample opportunities for serving in the United States. I am convinced that in the years to come the Department of State will be much more effective in assisting in the conduct of our foreign relations if most of its officer personnel will have had experience in the governmental service abroad.

² *Toward a Stronger Foreign Service: Report of the Secretary of State's Public Committee on Personnel, June 1954*, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C., 30 cents.

Similarly, our personnel serving abroad will be much better equipped to handle the tasks assigned to them if they will have obtained the experience, discipline, and training which can be acquired only by service in the Department of State and the understanding of our domestic problems which it is difficult for them to retain if they serve abroad continuously for many years..

It should be borne in mind that the integration program itself does not provide for increasing the number of persons on the payroll of the Department and of the Foreign Service. It merely calls for changing the status of present qualified officers. A foreign affairs officer who has been serving in the Department in the Civil Service grade of GS-14 will, for example, become a Foreign Service officer, class 3.

In proceeding with integration, the Department has encountered a number of difficulties, one of which relates to the salary level at which Civil Service officers should enter the Foreign Service. It does not seem fair to ask a member of the Civil Service of the Department to take a cut in salary upon being inducted into the Foreign Service. The Foreign Service Act of 1946, however, provided that persons entering any class other than class 6 in the Foreign Service must accept the lowest salaries paid in that class. The application of this provision during the integration process would mean that some Civil Service officers could not enter an appropriate class in the Foreign Service without taking a cut, in some cases as high as \$1,900 yearly, even though the officer might be assigned to exactly the same kind of work he did previously. In order to relieve this situation on a temporary basis, the Congress approved an amendment to the Foreign Service Act of 1946 to permit lateral entry at other than the base salary rate of 500 Departmental and Foreign Service Reserve and Staff Corps officers prior to March 31, 1955. We now have in process transfers sufficient in number to exhaust this quota. The legislative request which is the subject of these hearings provides for the extension of this authority to appoint officers at any of the salary rates of the several classes.

I might note here that the process of integration is moving along smoothly and has not, and I hope will not, disrupt the Department's operations.

The Foreign Service Act of 1946 provides for lateral entry into the Service as a Foreign Service officer in certain circumstances. I believe that in

the future we should continue to recruit at various levels into the Foreign Service persons whose special qualifications might enrich and strengthen the Service. Such persons should be appointed to appropriate classes on the basis of their age, qualifications, and experience. Based on my years of experience, however, I am convinced that if the Foreign Service is to attract and hold able men and women it must be basically a career service. It is my sincere hope that when the present integration program is completed the principal means of recruitment for foreign affairs officer positions both in Washington and abroad will be by competitive examination at the FSO-6 level—the entrance level to the Foreign Service Officer Corps. This hope can, I believe, be realized if we take appropriate measures in the field of recruitment and if we can convince the youth of the country that the Foreign Service can offer them a useful career.

Recruitment

The Public Committee devoted much thought to the matter of recruitment. I fully agree with the Committee that we must do more in the future than we have done in the past in the matter of recruiting able young American men and women into the lower grades of the Service. To this end the entrance examination for junior officers is being revised and efforts are being made to reduce the time required to assign the successful candidates to duty. We are also undertaking an intensive college relations program in order to stimulate interest in the Service.

Plans are under way to give the oral examinations on a regional basis instead of just in Washington, in order to make it easier for young men and women with limited means to compete for appointments. These measures are being adopted within the limits of present budgetary and legislative authority.

I should like to emphasize at this point that, although we wish to make it easier for qualified young men and women to gain admittance to the Service, there is no intention on our part to lower the Service standards. We plan to be just as careful in the future as we have been in the past in making sure that those who gain admission to the Service through examination do so on a competitive basis and that they are people of the highest caliber.

The Public Committee also stressed the need of administrative improvement in the Department's training organization. Unfortunately the Department of State has not over the years been able to keep abreast of most other governmental agencies in the field of training its personnel and in developing in them the skills of which it and the Foreign Service have need. One reason for this lag has been that, with the steadily increasing burdens placed upon it, the Department has not had sufficient personnel available for organizing and administering the work of training or for taking training.

In keeping with the recommendations of the Public Committee, plans are being made for reforming the Foreign Service Institute and making it not only a training center for personnel entering the Service but also for Foreign Service officers of the middle and upper classes. We hope that in the future the Institute will play a significant role in developing the personnel of the Department and of the Foreign Service along lines which will increase their usefulness to the Government.

During recent months the Institute has already become more active. It has been extending its facilities for training in foreign languages. New on-the-spot training centers have been established at appropriate cities overseas. The increased funds authorized by Congress for training last year have been most helpful in expanding our training programs.

Improving Conditions of Employment

The Public Committee also found that certain improvements are needed in the conditions of employment of our personnel. If we are to achieve these improvements, it will be necessary for us to obtain the help and cooperation of the Congress since additional authorizing legislation and appropriations will be necessary.

Most of those who choose the Foreign Service as a career do so because a life devoted to public service appeals to them. They are not interested in self-enrichment. Nevertheless, they cannot do their best when beset by financial worries. They worry, for instance, about how they can find means to give their children an American education; how they can assure their families proper medical attention in case of illness. Worries of this kind are

particularly bothersome to those serving at distant and disease-ridden posts. A reluctance to face such worries is one of the reasons why some members of the Department of State have not relished the idea of transfer into the Foreign Service. It seems to me that it would be in the public interest to try to relieve the Foreign Service to an extent, at least, of some of these worries. In this connection, I venture to point out that personnel in the overseas service of other United States governmental agencies, as well as those in the employ abroad of American organizations, fare in general better in this respect than those in the Foreign Service.

The Foreign Service is the backbone of the representation of the United States abroad. It is difficult for the State Department to maintain capable personnel in leadership positions abroad if it cannot give them treatment at least as favorable as that offered by other employers, private as well as public.

I have made several references to the need for amendments to the Foreign Service Act of 1946. The amendments needed were included in the letter which the Secretary of State addressed to the Vice President and the Speaker of the House of Representatives on January 25, 1955.³ This is the legislative proposal which the President in his special message to Congress, on January 11,⁴ stated would be submitted by the State Department in connection with the general program for improving personnel practices affecting Government employees stationed overseas. The general purposes of the changes desired are as follows:

1. To permit appointments in classes FSO-1 through FSO-5 to salary steps above the minimum salary approved for each class.

2. To make Foreign Service officers and Reserve officers eligible to receive hardship post differentials which are now paid to Staff corps officers and employees and overseas civilian personnel of other Government agencies.

3. To permit the Secretary of State to waive the 4-year limit on the assignment of Foreign Service personnel to duty in the United States.

4. To establish a home service transfer allowance for Foreign Service personnel assigned to duty in the United States between tours of foreign duty.

³ Not printed.

⁴ H. doc. 66, 84th Cong., 1st sess.

5. To extend the selection-out system to Foreign Service officers of class 1.

6. To discontinue existing provisions granting Foreign Service officers time-and-a-half retirement credit for service at unhealthful posts.

7. To make officers of other Government agencies eligible for lateral entry as Foreign Service officers.

8. To establish a basis for educational grants to defray part of the expenses of educating children of American employees stationed abroad.

9. To increase the maximum duration of Foreign Service Reserve appointments to 5 years and to permit the Secretary of State to grant additional 2-year extensions of such appointments.

10. To permit the Secretary of State to negotiate reimbursements for Foreign Service personnel detailed to other Government agencies.

11. To limit the amount of gratuity paid Foreign Service officers in classes 4 and 5 who are selected out of the Service.

12. Finally, to provide for physical examinations, inoculations, and vaccinations of dependents of officers and employees of the Service who are citizens of the United States.

Enactment of the proposed legislation will constitute an important step toward the achievement of an improved personnel system in the conduct of our foreign affairs. We have made very good progress and built up good momentum on the program for transferring officers engaged in foreign affairs duty to Foreign Service officer status. As I have already mentioned, we now have in process sufficient transfer actions to exhaust the 500 quota authorized by Public Law 759. Early approval of the requested extension of this authority, therefore, is necessary if we are to avoid having the program grind to a sudden halt. I believe it would be extremely detrimental to the efficient administration of the Department as well as to the morale of our personnel if we had to interrupt the program in mid-passage.

Mr. George Wilson, our Director of Personnel, and members of his staff are with me today. I would like to have him describe for you in greater detail the recommendations of the Public Committee on Personnel which have been approved by the Secretary of State. He will also describe in detail the amendments we are requesting to the Foreign Service Act of 1946 and our reasons for requesting them.

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| 96 | 2/21 | Dominican Republic credentials (re-write). |
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| *100 | 2/23 | Wriston Committee meeting. |
| †101 | 2/23 | Communist violation of Korean armistice. |
| 102 | 2/23 | Key: international educational exchange. |
| †103 | 2/25 | Key: future of the U.N. |
| 104 | 2/25 | Bangkok communique. |
| 105 | 2/26 | Bangkok statement on Asian-African meeting. |
| *106 | 2/26 | Educational exchange. |

*Not printed.

†Held for a later issue of the BULLETIN.

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GOVERNMENT PRINTING OFFICE
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